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FINANCIAL TIMES

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WORLD NEWS

Pretoria uses emergency to ban film

Cry Freedom, the anti-apartheid film about black activist Steve Biko and white journalist Donald Woods, was banned under South Africa's state of emergency regulations yesterday only hours after it had opened with government censors' approval. Copies of the film were seized and Police Commissioner General Henneke de Wit condemned its "propagandistic theme".

Millan for Europe

Labour MP Bruce Millan was named as replacement for Stanley Clinton Davis as Britain's second member of the European Commission. Back Page; Profile, Page 4

Sex abuse verdict

Three men and a woman, all from the same area of Congleton, Cheshire, were jailed for between three and 10 years for sexually abusing their own children.

All fires out

Tecan Red Adair and his team put out the last of the wellhead fires on the Piper Alpha oil platform, stricken since the July 6 explosion and fire which killed 167 men. Page 4

Gibraltar inquest

A last-minute judgment of the security risks will determine whether SAS soldiers attend the Gibraltar inquest in September into the shooting of three IRA members.

Hungary pledges review

The cases of about 400 people jailed for their part in the 1956 anti-communist Hungarian uprising will be reviewed by the end of August, the justice ministry said.

India bribery claim

Opposition members were refused a debate on allegations that Delhi businessman Lalit Suri, a close friend of Prime Minister Rajiv Gandhi, took a \$5.5m (£2.5m) bribe from Sumitomo Corporation of Japan. Page 2

Violent anniversary

Sri Lankan police shot dead 11 suspected rebels during protests marking the first anniversary of the country's peace pact with India.

Moscow business school

The Soviet Union's first west-ern-style business school has opened in Moscow. Page 2

Secrets debate

Government plans for reforming the Official Secrets Act were welcomed by former Cabinet Secretary Lord Armstrong, who backed a life-long obligation of confidentiality for members of the security services. Page 4

Ulster challenge fails

Two Northern Ireland Unionists failed to get the Irish High Court to declare that the 1985 Anglo-Irish agreement breached the terms of the Irish constitution. Page 4

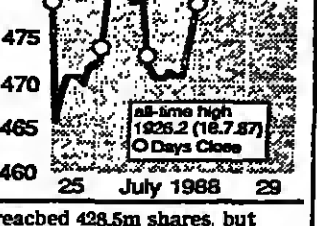
BUSINESS SUMMARY

AGB quits US market after £45m loss

AGB, leading UK market research company, yesterday pulled out of the US television audience measurement market after losing £45m there in its first year.

Equities on the London market

Index closed at 1,488.7, up 9.3 on the week and 8 on the day. Share volumes were high this week, yesterday's Seq total



reached 429.5m shares, but equity trading by value has been below £50m daily, compared with about £1bn last week. Market report, Page 12; Lex, Back Page

STERLING slipped against other major currencies

but closed higher on the week. It ended at \$1.7105 down from \$1.7220. The dollar remained strong in spite of repeated intervention by the US Federal Reserve and the West German Bundesbank. Money markets, Page 13

LLOYDS BANK, smallest of the four big UK clearers,

reported six-month pre-tax profits of £452m, compared with £425m in the last time when it made a £1.07bn provision for Third World debts. Page 8; Lex, Back Page

CANADIAN Airlines International,

one of Canada's biggest carriers, is to spend more than \$1bn (£585m) on a fleet of European Airbus and Boeing 747-400 jumbos. With spares and options the total bill could be more than \$2.6bn. Page 2

AETNA Life and Casualty,

largest quoted US insurer, reported a 12 per cent fall in second-quarter net income to \$153m (£89m). Page 10

SUMITOMO LIFE, is making a \$165m (\$96m) investment

in a US property development scheme, the first in overseas real estate development by a Japanese financial institution. Page 10

PEARSON, UK publishing,

banking and industrial group which owns the Financial Times, announced the £34m sale of its Whitehall Petroleum subsidiary to Amerasia Hess, US oil company. Page 8

GEC, UK electrical and electronics group,

said that it was to reorganise its operating structure into eight main business groups. Page 4

ADDITIONS of public companies

have a duty to individual shareholders to exercise reasonable care. The UK Court of Appeal ruled in overturning a High Court decision that an auditor's only duty was to the company. Page 3

Soviet leaders agree timetable for reform of electoral system

By Quentin Peel in Moscow

A TIMETABLE for reform of elections and an overhaul of the Soviet system of democracy was approved yesterday by a crucial meeting of the ruling Central Committee of the Soviet Communist Party.

The plan is intended to put into effect the sweeping resolutions from last month's special party conference, which gave its blessing to Mr Mikhail Gorbachev's vision of a socialist law-based state in the Soviet Union.

A new electoral law, providing for multi-candidate elections, will be presented for its debate in October and submitted for approval by the country's Supreme Soviet in November, the Soviet leader told the plenary meeting of the party's Central Committee in Moscow.

In March 1989 the new system will be used to elect the first Congress of People's Deputies - a sort of super-parliament - which will in turn elect a standing Supreme Soviet and a President with wide executive powers. That person is expected to be Mr Gorbachev.

Between 300 and 400 key party leaders from all over the country attended the meeting. They were told that multi-candidate elections in the party must be carried out this autumn, with candidates nomi-

nated by the grass roots rather than the party leadership. A list of "urgent measures to restructure the system of power without delay" were presented to them, according to the official news agency, Tass.

Resolutions were approved on a new election system in party organisations and crucial guidelines for reorganising the party apparatus - the enormously powerful party bureaucracy which Mr Gorbachev is seeking to cut from day-to-day government.

Details of the resolutions were not available last night, but Mr Gorbachev made no bones about his vision of the necessary reforms.

"The task is to realise in practice... the inclusion of more candidates on the secret ballot slates than there are offices, and the nomination from below of candidates to serve in higher party bodies," Tass said.

At the same time Mr Gorbachev may not have won all the detailed reforms he was seeking, either in the party apparatus or in the wider system of elected Soviets, or councils, because the plenum agreed to set up a special commission, chaired by him, to carry on the work.

In addition, the meeting apparently failed to make any changes in the leadership of the ruling Communist Party - either in the Central Committee or in the Politburo, which is at its heart.

The first speaker after Mr Gorbachev was Mr Vladimir Shcherbitsky, leader of the Ukrainian Communist Party and an old style party boss from the Brezhnev era who has long been seen as a conservative opponent of the General Secretary.

None the less, the Soviet leader appears to have pushed the bulk of his key reforms through the Central Committee, specifically summoned to put flesh on the resolutions of the party conference.

He was still very tough in condemning resurgent nationalism throughout the country, such as the nationalist dispute in the southern republics of Armenia and Azerbaijan. He called for tougher legislation to condemn those "kindling ethnic strife," according to Tass.

Mr Gorbachev also called for new measures to speed economic reforms and for a national programme of environmental protection - a key issue of popular dissatisfaction in the ruling party.

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Powers on share disclosure urged for directors

By Clive Wolman

COMPANY directors should be given sweeping powers to immediately disenfranchise and freeze shareholdings in their company when they suspect that the true owners of the shares are being concealed, according to a government consultative document published yesterday.

The report is the product of a Trade and Industry Department, Stock Exchange and Take-over Panel review into ways of improving disclosure of shareholdings. The review, examining possible reforms in matters covered by the Companies Act, the Takeover Code and the Stock Exchange rule book, was initiated last year as part of a much wider inquiry into the operations of the Take-over Panel in response to revelations about its failings during the Guinness takeover of Diageo in 1986.

The review team makes strong recommendations for reform in two main areas. The first is on the present Companies Act provision that an investor, or concert party of investors, who accumulate more than 5 per cent of a company's shares must disclose their holdings within five days.

The review team considers this may be unnecessarily long, although it accepts that one business day might be too burdensome. But once the 5 per cent threshold has been breached, further accumulations of stock beyond 6 per cent and higher should be disclosed within one day, it urges.

To make the provisions fully effective, investors could be banned from making purchases beyond 5 per cent until

their holdings were disclosed. Second, the team considers that companies should be allowed to tackle more vigorously delaying tactics by investors using several layers of nominee companies to conceal their identities.

The present Companies Act procedure, which allows companies to disenfranchise such shareholdings through the courts, can be too slow and cumbersome, says the report. It suggests company directors could be allowed to take unilateral and much swifter action within possibly seven days, subject to safeguards.

The report also considers the possibility of lowering the 5 per cent disclosure threshold. This would make accumulation of a stake prior to a takeover bid more difficult or expensive, and would help to deter the formation of a concert party of different investors to evade disclosure, as more participants would be needed to accumulate the same share stake.

However, too low a threshold would impose a heavy administrative burden, particularly on international securities firms in which different operating arms might be buying shares at the same time.

Foreign investors might be deterred from buying UK shares, and large institutional investors which regularly buy stakes of 2 or 3 per cent in companies would find the share price driven up against them if too low a threshold was set. This would be a particular problem for purchasers of shares in small companies with limited share capital.

Details, Page 4

Poll tax and changes in education become law

By Peter Riddell, Political Editor

THE Thatcher revolution moved a big step forward yesterday when several of the most far-reaching and controversial bills in the Government's legislative programme became law.

As parliament adjourned for its 2½-month summer recess, the Royal Assent was given to the bill introducing the community charge or poll tax to replace domestic rates together with a uniform national business rate, and to bills sharply reducing higher rates of income tax, introducing a national core curriculum and allowing schools to opt out of local authority control.

Senior ministers are pleased that such contentious proposals have become law at the planned time, with no substantial amendments during lengthy parliamentary debates.

Consequently, most of one of the most ambitious legislative programmes this century - as set out in the Queen's Speech in June 1987 - has become law.

Mr Kenneth Baker, the Education Secretary, claimed that yesterday marked a historic day, the beginning of a "new era which would transform education in this country. The changes would, he said, "mean more choice for parents, better management and higher standards." He claimed that parents would begin to see the benefits over the next couple of years with improvements continuing throughout the 1990s.

However, Labour's environmental spokesman, said the Royal Assent for the poll tax legislation demonstrated the unfairness of the Government.

He promised Labour would repeal it immediately upon assuming office. He described the tax as "inefficient, expensive and deeply divisive, imposing an imposition upon families, young people and those with low incomes."

Even after yesterday's batch of Royal Assents the Government still faces problems with the housing and health and medicines bills in the overall part of the current session in mid-October. This follows a series of defeats in the Lords on key items such as allowing tenants to ballot on whether run-down council estates should be removed from local authority control to become Housing Action Trusts, and the rejection by peers of the proposed charges for eye tests and dental examinations.

Other measures, such as those on firearms control, copyright reform and European Community finance, still have to complete their parliamentary passage.

The Local Government Finance and Education Reform bills dominate the list of nearly 20 measures Government backbench and private to receive the Royal Assent. Other bills approved include Peers urge consensus on secrets reform. Page 4

Critics fail to halt £34m payout for Rothmans chief

By Ray Bashford

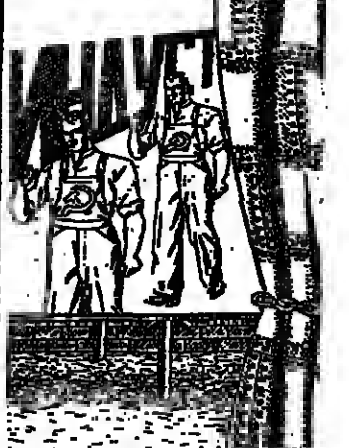
SIR Robert Grichton-Brown stepped down yesterday as executive chairman of Rothmans International and left the company's annual meeting at London's Dorchester Hotel £750,000 the richer.

The cash reward for "a job well done" during his 43 months as the tobacco group's chairman was granted despite strong opposition from several shareholders who criticised the payment since January 1985 in addition to a pension, to which Rothmans has made a £141,000 contribution, and participation in a directors' share option scheme.

Continued on Back Page

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Weekend FT



Reluctant revolution

Mikhail Gorbachev's drive for perestroika is now reaching the furthest corners of the Soviet Union. But has anything really changed? Quentin Peel reports. Page 1

Finance

Making the most of your holiday money. Page VI

Property

As the property bull market seems to be slowing, John Brennan reports on the "doughnut effect". Page X

Travel

A taste of New England, plus walking in the Somerset Levels. Page VIII

Diversions

Christian Tyler on the new Rubik brain-teaser. Plus Antony Thorncroft on great collectors. How To Spend It, Dispatches, Wine, Gardening and Cookery. Pages XIV, XV

Survey

Two pages on health and fitness. Pages XI, XIII

MARKETS

STERLING New York lunchtime: \$1.7110 London: \$1.7105 (1.7200) DM3.2075 (3.2125) FF10.8075 (10.8325) SF2.6700 (same) Y22.50 (228.00) Index 76.5 (76.8)	DOLLAR New York lunchtime: DM1.8755 London: FF6.3155 SF1.5615 Y133.15 Lundee: DM1.8750 (1.8845) FF6.3175 (6.2875) SF1.5615 (1.5505) Y133.05 (132.35) New York: Comex Dec \$445.6 Tokyo close: Y132.53	STOCK INDICES FT-SE 100: 1,483.6 (+12.3) FT Ordinary: 1,488.7 (+8.0) FT-A All Share: 965.16 (+0.5%) FT-A long gilt yield: 9.46 (9.43) New York lunchtime: DJ Ind. Av. 2,101.53 (+19.20) Tokyo: Nikkei 27,911.63 (+115.54) LONDON MONEY 3-month interbank: closing 10 7/8 (10 1/4)
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US LUNCHTIME RATES

3-mo Treasury Bill: 7.15%	3-mo Treasury Bill: 7.15%
Long Bond: 9.20%	Long Bond: 9.20%

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FT 30/7

July 30/31 1988

UK NEWS

Auditors 'have duty to individual shareholders'

By Raymond Hughes, Law Courts Correspondent

THE AUDITOR of a public company has a duty to individual shareholders to exercise reasonable care in carrying out his audit and making his audit report, the Court of Appeal has ruled.

The duty does not extend to investors who are not shareholders in the company.

The court yesterday overturned by a 2-1 majority a High Court decision that an auditor's only duty was to the company. The case is likely to go to the Law Lords for a final ruling.

It came before the courts as a preliminary issue in an action in which damages are being claimed against Touche Ross, the City firm of chartered accountants, as auditor of Fidelity.

Damages are being claimed by Caparo Industries, which made a successful £33m takeover bid for Fidelity in 1984. The following year Caparo began legal proceedings, claiming damages for fraud against two directors of Fidelity and damages for negligence against Touche Ross.

Caparo alleges that it made its bid in reliance on Fidelity accounts signed by Touche Ross with a clean certificate. Caparo says the accounts gave a false picture of the state of Fidelity's affairs in that the reported £1.3m profit should have been a £460,000 loss.

Touche Ross denies negligence. Last December the High Court decided that Touche Ross owed no duty of care to Caparo. Lord Justice Bingham yesterday allowed Caparo's appeal on the ground that the auditor owed a duty to Caparo as a shareholder.

He explained that the acknowledged duty owed by an auditor to the company would not avail a shareholder or investor who made a mistaken investment decision on the strength of a negligent audit report, because that would cause no loss to, and thus support no claim by, the company.

The question, however, was whether the auditor owed a duty of care to individual shareholders. Caparo's case was that auditors were appointed for the specific purpose of reporting to the shareholders; that relations between auditor and shareholder were both close and direct; and that a lack of care would directly affect the very person whose interests the auditor was engaged to protect.

Touche Ross argued that the relationship was insufficiently close and direct to give rise to a duty of care to the shareholder.

Lord Justice Bingham said it was inescapable that Touche Ross had voluntarily assumed direct responsibility to individual shareholders.

"They did not have to accept appointment as auditors. They undertook it, no doubt, in the ordinary course of professional practice in order to earn a fee and, perhaps, obtain additional work from the company."

Touche Ross had argued that it would not be just and reasonable to impose such a duty on auditors because it would open the floodgates to claims against them which, even if defeated, might damage their professional reputation.

Lord Justice Bingham regarded that as unrealistic. He said any action would probably be brought by one large shareholder or a handful.

Touche Ross had further argued that if there were any duty of care it was owed to the shareholder as shareholder, not as investor.

Whereas a claim might lie for loss sustained by selling or retaining shares in reliance on a negligent audit report, there could be no claim for a loss when buying, because the shareholder would be acting as an investor, not as a shareholder. Touche Ross contended that Lord Justice Bingham rejected the distinction.

Mortgage lending by banks rises by 26%

By David Barchard

MORTGAGE LENDING by banks in this year's second quarter was £3.64bn, a 26 per cent rise on the £2.89bn lent in the first quarter, according to figures issued yesterday by the Bank of England.

These supply more evidence of springtime overheating in the housing market, when lenders were at their lowest for a decade.

The figures include most mortgage lending by the banks but omit that by the building societies and the unregulated lenders. None the less they are a clear sign of the way the housing market is moving.

Mortgage lending figures for the second quarter were 34 per cent higher than those for the corresponding period last year, when they reached £2.71bn.

Most lenders believe that the figures for the second quarter show a peak and that mortgage lending will slow down in the third and fourth quarters. In recent weeks bank and building society interest rates have risen by between 1.75 and 2 percentage points.

Many lenders believe further base-rate rises may take mortgage rates back up to levels which have not been seen since the early 1980s.

Second-quarter mortgage lending figures may also reflect unmarried home owners scrambling to beat August 1, the Chancellor's deadline, announced in the Budget, when income tax relief on mortgages will be limited to one individual per property.

That should also mean the housing market will slacken in the third and fourth quarters. Yesterday Barclays Bank said it was raising its mortgage rate to 11.8 per cent, from 11.1 per cent.

Where house prices go from here

Andrew Taylor on the future of a market heading for a peak

IN THE summer of 1985 Michael and Ruth paid £32,000 for an 80-year-old semi-detached, two-bedroom house in Saffron Walden, a historic market town close to the Essex and Cambridgeshire border.

Three years later the couple, now with a young son, have turned down an offer of £55,000 for their home. Even with a profit nearly twice what they paid for the property, they say they have been unable to find a larger house at a price they can afford.

If house prices were to maintain their present pace of increase, Michael and Ruth's state-of-the-art house would be worth about £90,000 in another three years.

That rate of growth is clearly unsustainable. First-time buyers in many parts of south-east England and East Anglia are already struggling to afford their own home. Many have been priced out of the housing market altogether.

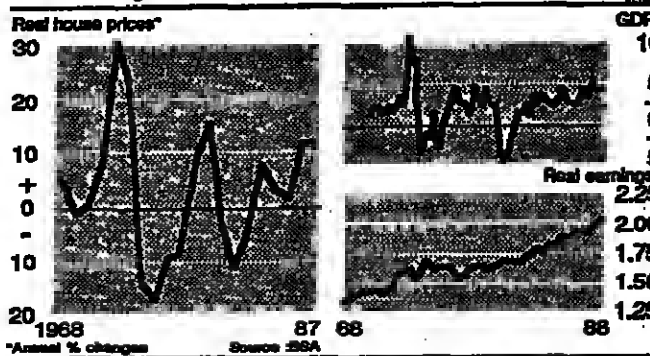
Ultimately it is the ability of first-time buyers to pay that determines house prices. Most people still cannot afford to move to larger properties until they have sold their own home.

The likelihood, therefore, is that house prices are likely to peak in the next few months. That poses the question of what will happen to prices when they stop rising through the roof.

The answer is as crucial to house builders, which have been making handsome profits out of the building boom, as it is to householders who have only just bought their homes and are now facing a 1.75-point rise in mortgage interest rates.

Builders that have paid vastly inflated land prices might find themselves with serious troubles if house prices should fall before they have

House prices and the economy



Source: BSA

completed developments. Prices simply standing still might still create difficulties.

Most large and medium-sized housebuilders say developments should make a small return even if house prices fall to move between the times they buy the land and make a sale.

Margins, however, could be wiped out if new house prices fall as they did at the beginning of 1974 in south-east England, East Anglia and parts of the south-west.

According to Nationwide Anglia, Britain's third-largest building society, house prices in the south-east fell by 2 per cent in the first six months of 1974. The fall in real terms was far greater, with general inflation rising at an annual rate of more than 18 per cent by the end of 1974.

A number of small to medium-sized housebuilders that had borrowed heavily, expecting the property boom to continue, were destroyed.

House prices also fell sharply in real terms in 1981, when new house prices barely moved in cash terms. In both of the two years preceding the 1974 and 1981 reverses, house prices

were crucial in determining the public's response to house prices. According to Nationwide, the cost of an average house in Britain was 3.96 times the average salary. The last time the ratio was this high, it says, was in 1973.

One factor that would cause prices to fall would be if large numbers of existing home owners, unable to meet increases in mortgage interest rates, were forced into distressed sales.

That seems unlikely to happen, for several reasons. Building societies and banks try to avoid enforced sales wherever possible. Building societies have also been doing very well for deposits. Societies in most cases would prefer to extend the terms of a loan rather than enforce a sale because householders were unable to meet increased interest payments.

House builders most at risk will be those which have bought land at prices which, according to Mr Mike Robinson, chairman of Wilson Connolly, the Northamptonshire-based house builder, can be justified only if house prices were to continue to rise sharply.

Higher bank interest rates will also hit independent house builders that have borrowed heavily to fund developments. Diversified construction companies have in the main been using cash flow from contracting operations to invest in house building which generates much higher margins.

Builders naturally worry about what will happen when mortgage rates go up. Most expect house price increases to slow rather than come to a halt. The process, they say, is expected to be uneven, with prices likely to rise faster in the provinces than in London, where a slowdown may have already started.

The mechanism for reducing overheating pressures may already be in place with the current interest rate structure. It has just not had time to operate as yet," it says.

The report warns that any further immediate substantial rise in interest rates might "cause a severe collapse in the housing market."

Summer recess for Parliament

By Tom Lynch

BOTH HOUSES of Parliament rose yesterday for the summer recess, with a heavy programme still to be completed before the session proper ends some time in November.

For most MPs, business ended on Thursday evening, but a few took part in a grueling all-night sitting on the Consolidated Fund Bill, an annual opportunity for members to raise any subject.

Short debates on topics as diverse as disarmament, overseas aid, graffiti and the London Underground's Northern Line continued until 8.29 am - an hour before the start of yesterday's business.

The next important event in most MPs' diaries is the party conference season, which begins on September 17 when the SDP gathers in Torquay. The House resumes on October 19.

The House of Lords resumes on October 10 to continue its consideration of several bills. It is not yet clear when the session will end.

A further 380 jobs to be lost at Corah

By Alice Rawsthorn

CORAH, one of the largest Midlands knitting industries, has announced 380 job losses only two months after making 780 people redundant in a radical cost-cutting programme.

The moves come after a review of Corah's activities by Mr John Foulkes, who joined as chief executive from Hanson in February. Corah, one of the largest suppliers to Marks and Spencer, has long struggled against poor profitability and high borrowings.

Mr Nicholas Corah, chairman, said the redundancies were unavoidable if Corah was to cut costs and reduce borrowing. Corah is still reviewing the future of its UK adventure clothing company and its Canadian leisurewear subsidiary. Each is losing money.

The closure of Corah's underwear factory in Troon, Strathclyde, will involve the loss of 168 jobs. There will also be 100 redundancies in fabric knitting, 94 in service areas at Leicester, and 18 from warehousing in Bradford. Corah

will be left after the cuts with 14 factories and a workforce of 4,100 people.

Mr Corah said the company's four divisions - socks, fabrics, underwear and accessories - would be expected to function as independent profit centres.

Last year Corah incurred a pre-tax loss of £1.75m on turnover of £96m. In recent months Charterhall, the Investment Management Company, an Australian entrepreneur, has amassed a 13 per cent holding in Corah.

Corah's financial difficulties have been exacerbated by the sluggish state of the knitting industry. Since the start of the year the industry has been beset by soaring imports - reflecting the strength of sterling against Far Eastern currencies - and depressed demand.

Focus on the 'fiscal connection'

Richard Waters on proposed changes to liability to pay UK taxes

THE LATEST round in the Government's pursuit of the sacred goals of simplicity, certainty and neutrality in the tax system came like a bolt from the blue on Thursday.

The tax treatment of foreign and UK residents spending only part of each year in the UK is to be overhauled. Out will go concepts of tax law that date back to the first income tax acts of 1799 and 1800; in will come a new concept of "fiscal connection," to determine an individual's place in the UK tax system.

The changes, although unexpected, fit in with a more general move to change the definitions of residence for tax purposes.

This year's Finance Bill already contains rules for determining the residence of companies. A third and equally important review of the residence status of trusts is also under consideration.

The existing tax rules for individuals are unnecessarily complex, uncertain and unfair, the Inland Revenue argues. It might also add that they allow too many people to steer income or capital gains out of the UK tax net.

The present rules depend on three tests: whether an individual is resident, ordinarily resident, or domiciled in the UK, or any combination of those.

In general, resident means spending more than half the year in the country, ordinarily resident means being resident for a number of years in succession, and domiciled means having a father who is domiciled in the UK (making it different from a test of nationality). Each of those is subjective.

The interrelation of the three tests is unpredictable and perverse. Compare someone who fulfils all three tests, and someone who is resident and domiciled, but not ordinarily resident. The first person pays tax on his entire overseas earnings and gains. The second, on the other hand, only pays tax on income remitted to the UK.

There is no logical reason for that, or many of the other quirks of the interrelationship between these archaic concepts, the Revenue argues.

Sweeping aside the existing structure would be no small task. There are 200 references to residence and 30 to domicile in the tax acts. Further, it may be asked: if this is not the right way to assess whether people should pay tax in the UK, what is?

One option would be to adopt the US system and tax all UK nationals, regardless of where they live or get paid. That, the Revenue says, would be administratively almost impossible. Nearly two thirds

of US nationals living outside America, for example, simply do not fill in US tax returns.

Also, a tax based on nationality does not link the amount of tax a person pays to the degree of benefit he receives from living there. That is the ideal for which the Government is striving in its proposals for change.

The most obvious group to be caught will be people not "domiciled" in the UK, but living in the country long-term.

The Revenue says it does not know how many people are in that position. They will in future be taxed on all their overseas income, rather than just the amount that is remitted to the UK.

The Revenue says: "It does not seem unreasonable that they should meet their fair share of tax on similar terms to other people who spend all or most of their lives in the UK, and that their liability should not continue to be affected by their origins or background."

Similarly, foreign executives working briefly in the UK might also find their overseas earnings and gain taxed in the UK.

A graduating scale will apply depending on the number of years spent in the country. More than seven years out of the last 14 would automatically put a person into the

"long-term resident" class. The overhaul of the system also presents an opportunity to outlaw a whole range of tax avoidance techniques.

One is the ability of UK residents to move abroad for one tax year, enabling them to become non-resident and so realise potentially huge capital gains outside the scope of UK capital gains tax legislation.

Another is the use of dual contracts - under which part of a person's earnings are paid abroad - to avoid income tax. That will become less effective if, as proposed, the question of where money is actually paid ceases to be a test of whether or not it should be subject to UK tax.

The Revenue's preference is to introduce these proposals which are open for consultation until the end of November - in next year's Finance Act. The rules would come fully into force in 1991: that means that the seven-year test would apply to tax years from 1984-85 onwards.

The clock that determines your "fiscal connection" to the UK may already be ticking.

Residence: The Scope of UK Taxation of Individuals, Inland Revenue Reference Room, Room 3, New Wing, Somerset House, Strand, London, WC2R 1LB. £1.50.

Finance and the Family, Weekend FT, Page IV

Society offers broking service

By Ian Hamilton Fazez

YORKSHIRE Building Society BWD, formerly Betty's Wimpey and Dawson, was the first British stockbroker to go public in April. This week the building society paid nearly £300,000 for new 100p shares which will give it a 4.3 per cent stake of the enlarged capital.

It is also getting an option to subscribe new capital at 150p a share which will give it 13.9 per cent of BWD when it takes its np.

Interest rate rise 'will mean house price stagnation'

By Ralph Atkins, Economics Staff

HIGH INTEREST rates will lead to the UK housing market stagnating next year, according to a report by a leading securities house published yesterday.

Economists at Morgan Grenfell forecast that by the middle of next year, house prices will be rising more slowly than retail prices. Consumer demand will weaken and credit

growth slow down as mortgage rates rise affect incomes. The authors of the report, Ms Evelyn Brodie and Ms Joanne Curley, argue that the personal sector of the economy is much more sensitive to interest-rate increases than in the past.

The ratio of house purchase loans to income has almost returned to its 1972-73 peak and

households have been able to borrow heavily on the back of rising property prices. That means base rates need not rise much above the current 10 1/2 per cent to stop the economy "over-heating" and to slow economic growth and reduce inflationary expectations.

The report notes that interest rates have risen by 3 percentage points in two months. "The mechanism for reducing overheating pressures may already be in place with the current interest rate structure. It has just not had time to operate as yet," it says.

Lloyds Bank results for the first half of 1988

"Our strong profit stream, particularly from our UK businesses, has enabled us once again to increase the dividend and strengthen our capital ratios. We expect to see continued profitable growth in the second half of the year."

Sir Jeremy Morse
Chairman of Lloyds Bank Plc.

	6 months ended 30 June 1988 £ million (unaudited)	6 months ended 30 June 1987 £ million (unaudited)	12 months ended 31 December 1987 £ million
Profit before tax and exceptional items	452	369	818
Exceptional provisions for country risks	-	(1,066)	(1,066)
Profit (loss) before tax	452	(697)	(248)
Tax charge (credit)	164	(181)	(24)
Profit (loss) after tax	288	(516)	(224)
Minority interests	1	2	3
Profit (loss) attributable to the shareholders	287	(518)	(227)
Dividends	45	37	107
Transfer to (from) reserves	242	(555)	(334)
Post-tax return on average total assets	1.20%	(2.14%)	(0.48%)
Post-tax return on average equity	22.7%	(36.6%)	(8.7%)
Earnings (loss) per share	35p	(64p)	(28p)
Dividends per share	5.5p	4.6p	13.2p

Note: Financial information for the 12 months ended 31 December 1987 is based on the full accounts for 1987, on which the auditors gave an unqualified report and which have been filed with the Registrar of Companies.

An interim dividend of 5.5p per share will be paid on 6 October 1988 to shareholders registered on 11 August 1988. Shareholders will be offered the choice of taking ordinary shares instead of cash in respect of all or part of their dividend.

Full details of Lloyds Bank's results for the first half of 1988 may be obtained from: Corporate Communications Division, Hays Lane House, 1 Hays Lane, London SE1 2HN.



THE THOROUGHbred BANK.

Lloyds Bank Plc, 71 Lombard Street, London EC3P 3BS. Member of IFMRO.

National Home Loans Standard Home Loan Interest Rate

With effect from 1st August, 1988, the following interest rates will apply for existing endowment/person loans:

FOR HOUSE PURCHASE 11.5% APR 12.1%

FOR REFINANCING 12.0% APR 12.7%

For repayment loans add 1/4% to these rates.

A lower rate of interest is charged on ALL loans over £250,000: 11.25% APR 11.9%

For further information contact: The National Home Loans Corporation plc, St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE.

Swiss bidding for NEL

By James Buxton, Scottish Correspondent

A SWISS-OWNED company is one of nine organisations that have submitted bids to take over the National Engineering Laboratory, which the Government wants to privatise. The company, SGS Moore Barratt and Redwood, is part of the Swiss SGS group.

Publication by the Department of Trade and Industry of the names of those bidding for the laboratory, based at Glasgow, also showed that the combustion engineers' depart-

ment has asked to be allowed to go into the private sector independently if a proposed buy-out of the whole NEL fails. The remaining bidders are: Pera, technology centre based at Melton Mowbray, Leics; British Maritime Technology Group; British Hydromechanical Research Association with Strathclyde University; Yarr, a Glasgow marine consultancy; Cranfield Institute of Technology; and Rubber and Plastics Research Association.

Handwritten signature: J. J. J. J.

UK NEWS

MPs' warning on Royal Navy is rejected

By Richard Donkin

THE GOVERNMENT yesterday rejected the main criticisms of a Commons Defence Committee report which recently warned that the Royal Navy would not be able to fulfil peacetime or wartime commitments.

The report was on the surface fleet's future size and role. The Government, in a written reply, accused the committee of using a misleading analysis to measure destroyer and frigate availability.

The Ministry of Defence also rejected the conclusion that the escort fleet would only be kept at about 50 by "retaining in service older vessels approaching the end of their useful lives."

The reply was measured to avert criticism judged potentially damaging to morale and recruitment. A defence review, called for by the committee, was rejected as unnecessary.

The cross-party committee had expressed its greatest concern that the escort fleet might fall well below the Government's stated target of 30 frigates and destroyers. It said 17 more frigates would need to be ordered in the next 6½ years to meet the present level.

The Government has since announced an order for three new Type 23 frigates. Yesterday's published response said that more than met the committee's assessed order requirement of 2.6 ships a year. The three-ship order to Yarrow brings the total of Type 23s ordered since 1984 to seven.

The ministry refused to be committed to an order rate for new frigates but agrees that two to three new ships a year will be needed to maintain the 50-ship level over the next 10 years.

The response paper described as meaningless the committee's conclusion that the number of available and armed frigates throughout 1987-88 was no more than 28.

It said the important measure was how many ships were available for action, either at once or in a short period, at any one time. On that basis 40 to 42 frigates and destroyers had been available in recent months.

Modern refit patterns also meant that fewer ships underwent refits at any one time - seven out of 47 last month, compared with 19 out of 68 in February 1978.

The paper accepted some defence committee concerns.

Government Response to the Sixth Report from the Defence Committee Session 1987-88. HC 308. HMSO. £1.40.



Bruce Millan: Initially opposed EC membership

Millan fits EC bill for the UK

By Peter Fiddell, Political Editor

WHEN Mrs Margaret Thatcher was this week defending the appointment of Mr Leon Brittan as a European Commissioner, she said people should be nominated with "considerable experience of Cabinet office."

She hoped the Opposition would put up "names as distinguished." No one at Westminster would question that Mr Bruce Millan, as the second British Commissioner, fits that definition.

Mr Millan, 61 in October, has as much ministerial experience as almost any other Labour MP - and most Tories as well. He was a junior minister throughout the first Wilson Government, first at the Ministry of Defence and then at the Scottish Office.

Returning to the Scottish Office as Minister of State in 1974, he took over as Secretary of State in 1976, serving the three years of the Callaghan Government.

Mr Millan, hardly a household name, is typical of those experienced politicians who have a high reputation among their parliamentary colleagues but make little outside impact. He is a man of government rather than of opposition.

His qualities are hard work, assiduity and clarity - as befits his background as a chartered accountant.

Mr Neil Kinnock, the Labour leader, yesterday said that Mr Millan's career had been "distinguished by probity, thoroughness and creativity."

He is not a man to seek or attract headlines. He was first elected to Parliament in 1959, for Glasgow Craigton, and since 1963 has held the seat for Govan.

Mr Millan has been on the centre to right of the party, winning support from the Manifesto and Solidarity groups for shadow Cabinet elections in the early 1980s, before he lost his place in the elections of October 1983. He has since been a backbencher, speaking on Scottish matters.

He has long taken a close interest in European issues, both in the early 1960s before joining the front bench and since 1984 as a member of the UK delegation to the Council of Europe and the Western European Union.

Initially he opposed UK membership of the European Community, voting against the membership terms in 1972 and "no" in the referendum of 1975.

Yesterday he said his views have been "very much in line with mainstream Labour Party thinking, namely that the UK has been a member for 15 years now and there is no realistic prospect of our withdrawal."

His aim now, he said, would be to try to get the kind of Community that would provide prosperity and social justice for all, especially in the light of the movement towards the single European market in 1992.

Mr Millan may be no great visionary or inspirer but he should prove to be a solid administrator and tough negotiator.

Measuring up the US television audience

Philip Rawstone recounts AGB's failed attempt to win a market research contract

THE TECHNICAL superiority of AGB's PeopleMeter was not enough, it proved yesterday, to overcome the financial strength of A. C. Nielsen in the tooth-and-nail battle for the \$20m television audience measurement business in the US.

AGB, Britain's largest market research company, was forced to retreat, nursing losses of \$25m, leaving Nielsen, a subsidiary of Dun and Bradstreet, the powerful publishing and information services group, shaken but in undisputed control of the market.

AGB decided to challenge for the US market four years ago, after the development of its PeopleMeter. This measures television audiences automatically: viewers signal their presence by pressing buttons on a remote-controlled handset.

Every member of a household is assigned a number so as to record when they begin to watch a programme and when they stop viewing.

Before the PeopleMeter, audience measurement had depended on meters on sets, which showed when the television was switched on, together with seven-day diaries recording what was actually watched.

That was the system used by Nielsen when AGB made its

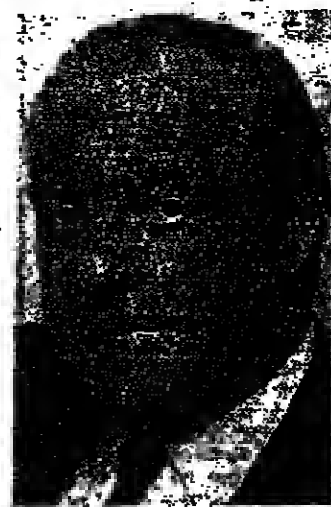
challenge. It had worked well in the 1960s and 1970s, when CBS, NBC and ABC, the leading US networks, accounted for 90 per cent of the viewing.

However, the system was failing to meet changes in viewing habits - multi-set homes, the spread of cable networks, the expansion of independent stations, and video recorders. Accurate research is vital to networks, advertising agencies and advertisers because rates are based on audience measurement.

It was with the co-operation of a handful of advertising agencies and the networks that AGB in 1984 began a test-run of its PeopleMeter in Boston. It obviously impressed. However, Nielsen was given valuable time to respond and very quickly hit back by developing a similar system.

Two years ago, CBS offered AGB a contract to measure its audience. But installing even an initial 2,000 meters across the US was expensive. AGB raised \$22m in a joint venture partnership with Schroeder, the merchant bank, MAI, the financial services and advertising group, and others. The deal was criticised at the time on the ground that AGB would bear all the risks of failure.

The key to success was whether AGB could this year



Sir Bernard Audley: Chose to cut his losses

be able to secure contracts from ABC and NBC, as well as CBS. In the event, it failed to do so. Neither advertisers nor advertising agencies were apparently prepared to put pressure on the networks to make the switch from Nielsen, which had defended its market by improving its own service.

AGB thus had to decide whether to withdraw now or wait for the next contract negotiations in a year's time, in the slender hope of a change of mind. It decided to cut its

losses to \$50m, which includes \$18m for recomputing its partners in the venture, and retreat.

Sir Bernard Audley, AGB chairman, says: "There was no prospect of recovering the increased level of costs without the revenue support of the major US television networks."

AGB has the doubtful consolation of having shaken up the US market to the benefit of agencies and networks, who are now getting cheaper research, and, the advertisers, who are getting the audiences they pay to reach.

However, the negotiating skills of Mr John Napier, AGB's chief executive, and the presence of a "white knight" in the person of Mr Clive Hollick, managing director of MAI, seem to have ensured that the group's bruises may soon be healed.

AGB has done two deals to offset its losses. First, it will raise \$22m in cash by selling two of its more peripheral operations, its Trenton exhibition business and AGB Highway, which publishes fishing journals, to the Emap group.

However, it is a deal with MAI that promises much more. By acquiring the US market research group, Mediarmark (MRI), from MAI and its minority partners, AGB greatly

strengthens its US research presence.

New York-based MRI is mainly engaged in measuring magazine readership in the US, and has the largest consumer, media and marketing database in the country. It is mostly with AGB's US subsidiary, NFO Research.

MRI agrees to AGB with a purchase price of \$17.5m; in return, it will benefit from AGB's tax losses in the US.

Analysts estimate that Mr Hollick has paid the equivalent of 24p for the new AGB shares - compared with 9p per cent on the resumption of trading - which raises his stake from just under 9 per cent to around 30 per cent.

Mr Hollick, whose presence on the AGB board, together with that of Mr Nicholas Cook, the finance director, will greatly strengthen the group's management, said yesterday that the deal offered MAI the prospect of vigorous expansion in the information services business. "By joining with AGB, we shall have a better platform to develop these interests than we had as a financial services group," he said.

MAI's 30 per cent holding should also help to keep at bay any predators that may have been stalking the wounded company.

Stiff tax penalties sought

By Clive Wolman

THE INLAND Revenue has proposed harsh penalties both for companies that wrongly estimate their corporation tax liability and individuals who file their returns late, incorrectly or fraudulently.

Under the Pay and File corporation tax system, introduced in legislation last year but expected to take effect only in 1992 or later, companies will have to make their own estimates of the tax due and pay it, without a Revenue assessment, nine months after the end of their financial year.

In a further consultative document, the Revenue has proposed making companies pay interest of base rates plus 2½ per cent if they underestimate the amount of tax due. If they overestimate, they will be paid interest at base rates minus 1 per cent. Both rates will be reduced to a net of tax basis.

For individuals who file their returns late, the maximum penalties have been raised to an initial penalty of £300, plus another 260 a day.

Peers urge consensus on secrets reform

By John Mason

ATTEMPTS to reform the Official Secrets Act might fail if a reasonable consensus on the issue was not achieved, Lord Ferrers said yesterday.

Lord Ferrers, the six categories of information to be covered by the act to replace the present Section Two were designed to prohibit only unauthorised disclosures likely to cause unacceptable harm to the public interest.

The categories cover security and intelligence, defence, international relations, communications, intercepts, confidential information obtained from other governments and information useful to criminals.

The decision on whether the information disclosed is harmful would be left to a jury, except for the categories of communication intercepts and intercepts, but supported the proposed lifetime ban on members of the security services disclosing information and said the obligation of confidentiality had to be lifelong and absolute.

Lord Armstrong also backed the absolute protection to be given to confidential information given by other governments and international bodies. If Britain "was unable to protect their secrets, it would be damaged and diplomatic effectiveness would be impaired, he said."

But he supported the decision to let juries decide whether information had been harmful, rather than the ministerial certification system proposed in the abortive 1978 reforms.

For a former Lord Chancellor, Lord Elwyn-Jones, a former Lord Chancellor, said the proposals were likely to increase, rather than reduce, official secrecy.

disclosure a criminal offence.

Lord Ferrers said further refinements of these categories was needed to ensure the legislation hit only on harmful disclosures. He said that the Government was not lowering the threshold on the definition of harmful information.

He rejected demands for a public-interest defence to be offered, saying a general "catch-all" defence would detract from the intention to clarify the law.

Lord Armstrong, making his maiden speech, said the proposals were a "sensibly based, moderate and sensible solution" to the problem of reforming Section Two.

He did not mention his role in the Government's action against Mr Peter Wright, the author of *Spycatcher*, but supported the proposed lifetime ban on members of the security services disclosing information and said the obligation of confidentiality had to be lifelong and absolute.

But the white paper was criticised by other peers, particularly for its failure to provide a public-interest defence.

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Challenge to Ulster accord lost

By Kieran Cooke in Dublin

TWO UNIONISTS from Northern Ireland yesterday failed in their attempt to have the 1985 Anglo-Irish agreement recognised as a constitutional document in the terms of the Irish constitution.

In what had become something of a cause célèbre in Dublin legal circles, Mr Christopher McGimpsey and his brother Michael had brought their case to the Irish High Court.

They argued that Article 1 of the Anglo-Irish agreement had recognised the right of Unionists in the north to remain British and accepted the north as a separate political entity.

That, they said, was contrary to articles of the Irish constitution which say claim to Northern Ireland.

The McGimpsey brothers also argued that the agreement placed an unconstitutional restriction on the power of the Irish Republic's Government to formulate policy in foreign affairs.

In an hour-long judgment a High Court judge said that while he felt that the McGimpseys had acted in good faith, he did not feel the agreement went against the Irish constitution.

The judge said that in signing the agreement, both the British and Irish governments had recognised the situation "on the ground" in Northern Ireland.

The judge described the agreement as "a pragmatic compromise; designed to try to solve a very difficult issue."

The McGimpseys had said that the agreement only added to the problems of Northern Ireland.

The action had the backing of several leading Unionist politicians and funds for the case, estimated to have cost more than £50,000, were raised from various sections of the Unionist community.

The McGimpseys are considering whether they will appeal against the High Court judgment.

Nationwide Anglia

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FLEXACCOUNT	
£1-£99	2.25%
£100-£499	3.50%
£500 and over	4.75%
BONUSBUILDER	
£1-£499	4.75%
£500-£1,999	6.50%
£2,000-£4,999	7.00%
£5,000-£9,999	7.25%
£10,000-£24,999	7.50%
£25,000 and over	7.75%
CAPITAL BONUS	
£500-£4,999	7.50%
£5,000-£9,999	7.75%
£10,000-£24,999	8.00%
£25,000 and over	8.25%
Half-yearly or monthly income rates	
£500-£4,999	7.25%
£5,000-£9,999	7.50%
£10,000-£24,999	7.75%
£25,000 and over	8.00%
Monthly income rates available from £2,000	
CAPITAL BOND	
£1,000 and over	8.25%
INCOME BOND	
£2,000 and over	8.00%
INTERNATIONAL ACCOUNT	
£1-£9,999	Gross 9.50%
£10,000-£24,999	Gross 10.00%
£25,000 and over	Gross 10.50%
Monthly income on £2,000 and over at the following rates	
£2,000-£9,999	Gross 9.25%
£10,000-£24,999	Gross 9.75%
£25,000 and over	Gross 10.25%
DEPOSIT ACCOUNT	4.50%
TREASURERS ACCOUNT	
Details of prevailing rates at all branches.	
FOR INFORMATION	
Existing account holders only	
Interest on all other accounts with the merged society have been increased by 1.25% with the following exceptions.	
ANGLIACARD	4.50%
£1 and over	
FLEXACCOUNT PASSBOOK AND CASHLINK	4.50%
£1-£499	
£500 and over	5.50%
INSTANT GOLD OVERSEAS	
£1-£249	Gross 5.25%
£250-£4,999	Gross 8.25%
£5,000-£9,999	Gross 8.75%
£10,000 and over	Gross 9.25%
CAPITAL SHARE 30 OVERSEAS	
£500 and over	Gross 8.50%
CAPITAL SHARE 90 OVERSEAS	
£500 and over	Gross 9.00%

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All rates quoted are net annual interest rates, assuming basic rate income tax at 25%, except where indicated. All other terms and conditions relating to the above accounts remain unchanged.

First managing director named at Underground

By Kevin Brown, Transport Correspondent

LONDON UNDERGROUND said yesterday that Mr Denis Tunnicliffe, a former airline pilot, was to be its first managing director.

The appointment is the second in a series of changes in the Underground's management, reporting to Mr Tony Ridley, chairman and chief executive.

Mr Tunnicliffe was once a special adviser to Sir Colin Marshall, chief executive of British Airways. Mr Tunnicliffe was closely associated with BA's "people first" policy.

The division of the role of Underground chief executive was foreshadowed during a public inquiry this summer into the deaths of 31 people in a fire at King's Cross station last November.

The inquiry team is expected to report this year, and may make recommendations about further management changes.

London Underground said yesterday that Mr Tunnicliffe would take control of day-to-day operations, enabling Mr Ridley to concentrate on longer-term strategy.

Mr Tunnicliffe joined British Overseas Airways Corporation as a pilot in 1968 and later worked in BA's industrial relations and planning departments before becoming senior general manager responsible for passenger profitability in 1982. He left BA in 1986.

GEC discloses shake-up details

By Nikki Tait

GENERAL ELECTRIC COMPANY, the electrical and electronics group, yesterday disclosed details of the planned reorganisation of its operating structure.

News of the restructuring, and the broad principles behind it - in particular, the regrouping of GEC's power generation operations into one division - were outlined to analysts at the time of the company's results last month.

Under the new structure, GEC will have eight main business groups. The two main groups to emerge will be GEC Power Systems, a company with sales of £1.2bn and some 30,000 employees, and GEC

Marconi, with turnover of some £1.5bn and 47,000 employees. The former will incorporate the various power generation-related and electrical equipment interests spread throughout the group.

Mr Bob Davidson, a director in charge of steam turbines and traction, will head the new GEC Power Systems business, while Dr Jan McBean, a director responsible for electronics, takes charge of GEC Marconi.

Of the smaller business groups, five have been disclosed. Two are unchanged: consumer goods and medical equipment. Elsewhere, the company is combining its W. &

T. Avery and Gilmanco subsidiaries into an electronic technology division. GEC is creating components and office equipment and printing business groups.

The object of the restructuring is to create more effective co-operation and communication between the company's subsidiaries.

Mr Malcolm Bates, deputy managing director, said the structure would give GEC "maximum flexibility" should the company wish to consider demerging any interests in the future. No redundancies are expected as a direct result of the reorganisation.

DTI CONSULTATIVE PAPER

Move to extend share owner disclosure

THE GOVERNMENT'S consultative document, published yesterday, on the disclosure of interests in shares identifies four areas for possible reform in the use of provisions covered by the Companies Act, the Takeover Code and the Stock Exchange rule book.

One question is whether the threshold of a 5 per cent shareholding beyond which automatic disclosure is required should be lowered. Another is whether the five days allowed by the Companies Act for such disclosures is too long.

The document discusses a more radical proposal: the possibility of requiring from new registered shareholders an automatic declaration of the details of ownership. All purchasers of shares in a company seeking registration in the company share register would have to name the true beneficial owners of the shares, or at least whoever controlled the voting rights in the shares.

The document says that would undermine the administrative savings from using nominee accounts. Investment managers would have to identify all of their clients who had interests in shares of the company. The burden would also fall on small shareholders using nominees even though their holdings would be of no significance to the company.

Companies might be overwhelmed by the volume of declarations, the document continues. In any case, it points out, such a system would not record the change in beneficial ownership of shares when the registered holder did not change.

The alternative would be to restrict the declaration requirement to the use of votes on extraordinary and special resolutions, which would impose a much lighter burden. But it might give excessive power enabling company management to restrict rights just before a vote or takeover bid. If

the courts were given the power to disfranchise shares, the procedure would be no less cumbersome than that already available under Section 212 of the Companies Act.

Under Section 212, a company is empowered to demand information from registered shareholders and others about the beneficial ownership of its shares and about any agreements between shareholders to act in concert.

If the company fails to receive satisfactory answers after a 28-day period imposed by the Stock Exchange, it can ask the courts to remove dividend, voting and selling rights from the shareholders. Secretive shareholders, however, can interpose layers of nominees to delay disclosure.

One method of tackling such tactics, the document suggests, would be to require the registered shareholder to find out and disclose the identity of all people who had some say in directing him how to vote and

when to sell the shares. The difficulty would be when an offshore company was interposed and the registered shareholder believed that was empowered to exercise voting rights while in fact it was controlled by some other unknown beneficiary.

The consultative document however suggests a "potentially more effective method" of discovering beneficial ownership, by widening the scope for companies to take powers in their own articles, for example, to restrict voting rights immediately after issuing a notice under Section 212.

The danger, the document says, would be that some company directors might use their powers indiscriminately and impose unreasonably tight deadlines on investors with the intention of protecting their own positions.

Document available from DTI, 1 Victoria Street, London SW1.

Budget strategy 'misfires'

By Our Political Editor

THE LABOUR leadership yesterday stepped up its attack on the Government over the economy, arguing that the Budget strategy had misfired.

Opposition party leaders believe that, in view of the sharp rise in interest rates and the Government's inaction on inflation, the Government is at last vulnerable over the economy and can be forced on to the defensive.

Statements were made yesterday by Mr Neil Kinnock, Labour leader, Mr Roy Hattersley, deputy leader, and Mr John Smith, shadow Chancellor, in response to the letter

Correction

Lord Ezra

THE REPORT in Thursday's Financial Times on the Lords debate on the Finance Bill quoted Lord Ezra as referring to the "bloody weapon" of interest rate management. He actually described it as a "blunt weapon". We apologise for the misquotation.

G.B.C. Capital Ltd

The net asset value at 30th June, 1988 was £2.10

The net asset value after contingent Capital Gains Tax was £2.81

FIRST NATIONAL BANK Plc AND FIRST NATIONAL MANAGEMENT LIMITED

ANNOUNCE THAT WITH EFFECT FROM 1st AUGUST 1988 THE HOME LOAN RATE WILL BE 11.45%

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UK NEWS - EMPLOYMENT

Union loses in pendulum judgment

By Philip Bassett, Labour Editor

PENDULUM arbitration, the controversial strike-substitute mechanism, has been used to resolve a pay dispute at a textile equipment manufacturer in north-east England...

The company reached a single-agreement deal with the AEU engineering union, which provided as an option for disputes to be resolved by pendulum arbitration...

Bonus Machine in 1986 started renegotiating its labour agreements in readiness for moving to a new plant which will begin work in October...

force, which voted to use the pendulum arbitration strike-substitute. Finding for the company, Dr Greg Bamber, an industrial relations lecturer from Durham University's Business School...

So far, pendulum arbitration, which is designed to induce reasonableness in negotiations by requiring an arbitrator to choose either the employer's final offer or the union's final claim...

In the first wage negotiations which began last December, the company at first insisted that there would be no across-the-board rise in base rates...

After the two sides failed to agree, the issue went first to the conciliation service Acas for resolution. When that failed, the option of going on strike or to pendulum arbitration was put by the union by ballot to the work-

Estimate of job vacancies in London raised

By John Gapper

A SURVEY of the London labour market carried out for the Department of Employment has found that there are about 50,000 more job vacancies in the capital than the department had estimated.

The survey, by IFF Research, found there were 155,000 vacancies - against the 105,000 total predicted by the conventional method of estimation...

Foresters' transport may end

By John Gapper

THE FORESTRY Commission has proposed changes in working practices aimed at cutting costs. It hopes this will enable its 8,300 directly-employed manual workers to compete more effectively with private contractors.

productivity and eliminate the cost of a transport fleet. But the changes were rejected decisively at a union delegate conference this month, and are now being put to a ballot.

The proposals come as the commission is increasing its use of private contractors for forestry work, which is cheaper than using the directly-employed workforce.

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APPOINTMENTS

Stewards at VSEL vote on holidays

By John Gapper, Labour Staff

A NEW holidays package tabled by VSEL, the nuclear submarine builder, in an effort to end a seven-week strike at its yard in Barrow, Cumbria, faced resistance yesterday despite a decision by union officials to recommend it.

About 400 shop stewards decided to seek further details, but there are likely to be moves to overturn the decision of the yard negotiating committee to recommend it.

Mr Ged Shields, Amalgamated Engineering Union works convenor, said negotiating committee members had turned down an invitation to address the shop stewards.

He said if the shop stewards voted to advise rejection of the package, that recommendation would be put to the yard's 13,000 workers on Wednesday.

A split between union officials and shop stewards within the Confederation of Shipbuilding and Engineering Unions would damage the chances of an end to the dispute over plans to introduce a fixed two-week summer holiday.

The company's revised offer involves phasing in a fixed holiday. Next year, there would be a one-week fixed shutdown, and workers would receive a payment of £200 each and further bonuses.

The shop stewards yesterday decided not to recommend acceptance or rejection of the package before seeing written details. However, the negotiating committee decided to recommend it as an acceptable compromise.

The union side has argued that replacing flexible with fixed holidays will be costly and inconvenient.

SIB compensation director

Mr Myra Kinghorn, of the financial services group of Arthur Young, is to be seconded to the SECURITIES AND INVESTMENT BOARD as an assistant director from August 8. Her main role will be to assist in the development and operation of the compensation scheme intended to compensate private investors in authorised companies which have gone into default (from August 27).

Mr John Henratty has joined REGENCY FINANCIAL GROUP as operations director. He will be appointed to the main board. He was a director of Sun Alliance Pensions Life Investment Services.

Japanese subsidiary KOMATSU UK has appointed Dr Clive Morton as director of personnel and administration, and Mr Keith Tipping as director of production.

HAYS CHEMICAL DISTRIBUTION has appointed Mr Graham Green to the board. He was managing director of Durham Chemical Distribution, which was acquired by Hays last September.

BINDER HAMLIN has appointed Mr Christopher Honeyman Brown as head of the London business services department. He succeeds Mr Stewart Urry.

Dr Peter J. Densley is to join CAMBRIDGE CONTROL as managing director of August 1. He was product development director of Ingersoll Engineers.

Dr Stuart Preston has joined CELOXIDE INDUSTRIAL BATTERIES GROUP as director responsible for the commercial exploitation of sodium-sulphur batteries, based at Manchester. He was director and general manager, special contracts division, GEC Energy Services.

Lord Carlisle of Bucklow has been appointed chairman of the ADVISORY COMMITTEE ON BUSINESS APPOINTMENTS for three years from November 1. The committee considers applications under the rules governing the acceptance of outside appointments by Crown servants on retirement.

RANK XEROX (UK) has appointed Mr Robert Walker as director of strategic business development. He was west London regional manager. Mr

David Allan has been appointed director of sales operations. He was manager, operations and systems support.

Mr J.D. Carter, managing director of Hepworth building products division, has been appointed a director of HEPWORTH.

Mr Timothy S. Howden has been appointed deputy managing director of RANKS HOVIS McDUGALL. He was assistant managing director.

GEEST has appointed Mr Ronald Reade-John as managing director, produce sector. He joins from the Co-operative Wholesale Society where he was a controller (executive board member), with responsibility for non-food.



Mr Patrick Bousquet-Chavanne has been appointed managing director of ELIZABETH ARDEN, Parfums Lagerfeld, and Parfums Fendi, in the UK. He was director of sales in the UK and Republic of Ireland. Mr Richard T. Macey becomes marketing manager.

SARASIN INTERNATIONAL SECURITIES has appointed Mr Henry Clarke, Mr William Philo, and Mr Robert Giles as associate directors.

Formerly director of banking, Euro Ratings, Mr Joseph E. Connolly has joined the capital markets staff of CITICORP INVESTMENT BANK, London.

Mr Andrew Pyle has been appointed the first marketing director of PRUDENTIAL's new UK general insurance division. He was head of marketing communications at Lloyd's Bank.

CHANCERY FACTORS, a subsidiary which operates in the banking division of the Chancery group, has made the following appointments to its board: Mr Michael Hill, managing director, and Mr Ian Brownstein, associate finance director, both of Chancery Bank; and promoted from associate director Mr Nicholas Elise, Mr Michael Jarrard, and Mr John Simlman.

Mr Jon Foulds, deputy chairman of St Group, has been appointed to the joint board of the EUROTUNNEL GROUP and to the board of The Channel Tunnel Group.

From August 1 Mr Ken Maddock, currently director of sales for process markets, becomes director of HONEYWELL's industrial systems group.

TOWN & COUNTRY BUILDING SOCIETY is setting up a house building subsidiary from August 1 to be called Town & Country Home Builders. Mr Peter Buglass has been appointed managing director of the subsidiary. He was with North British Housing Association.

Mr Stephen Ganbl has been elected to the board of HODG-

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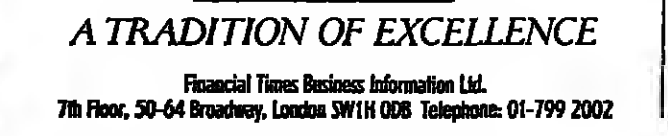
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Saturday July 30 1988

Some simple arithmetic

ONE AND ONE make two and not even just a little bit more. This was the main burden of the remarks of Mr Alan Greenspan, Chairman of the Federal Reserve, this week. He should know the sums better than anyone, for he is the one grappling with the difficulties created by the unwillingness of Congress to recognise the constraints of arithmetic.

What is Mr Greenspan saying? Adjustment of the US external account may well be desirable, but he will not allow it to be brought about via the inflation tax. If the choice is between control of inflation, on the one hand, and external adjustment, on the other, he will choose the former.

The fundamental question is whether it is possible to fit a balanced current account within the resources of... and demands upon... the US economy. This was recognised as the issue a year ago, before Black Monday. It is still the issue now.

However great the uncertainty of the estimates, the figures on US GNP released this week simply underline the problem. Contrary to earlier expectations, growth of GNP was above 3 per cent in the first two quarters, the outstanding feature being the dynamism of trade and investment.

Exports are estimated to have risen by 26 per cent in real terms in the first quarter of 1988 over the last quarter of 1987 and by yet another 8 per cent in the second quarter. Non-residential fixed investment grew by 8 and 14 per cent in the two quarters, respectively. The absolute increase in net exports and non-residential fixed investment... about equal to that of GNP as a whole in the first half of 1988.

Exports and investment

The improvement in net exports and fixed investment are features of balance of payment adjustment. If they are to go on growing at the rate of the first half of 1988, however, the other demands upon the economy must be kept under tight control. Otherwise, the unexpected rise in inflation in the second quarter, to 4.7 per cent, will prove not a temporary blip, but something much more disturbing.

The problem for Mr Greenspan is that the demand, higher interest rates and a higher exchange rate, adversely affect investment and net exports. The alternative would be to permit higher inflation, which would, indeed, accelerate external adjustment, because inflation tends to raise

private savings. But it would also undo the work of his predecessor, Mr Paul Volcker. Worse, given the rapidly growing overhang of dollar-denominated external debt, there could be a dollar crisis.

The bystander can only sympathise with Mr Greenspan. Yet even his modest changes in interest rates have created serious dilemmas for the other two major players, Japan and West Germany. Either they do nothing about domestic interest rates, import inflation and risk a further cycle of export-led growth, as their currencies depreciate, or they raise interest rates and so import recession.

Global co-ordination

The Bundesbank has chosen the latter course, while the Japanese authorities have chosen the former. In terms of balance of payments adjustment their respective decisions make sense. In terms of the domestic economic performance of the two economies, however, the reverse is true. West Germany, even if growing faster than expected, hardly needs to slow down, while Japan's economy may well need a restraining hand.

Where does this leave global economic co-ordination? Roughly where it has always been. As usual, the US orients policy largely to the domestic economy. West Germany pays somewhat greater, but far from overwhelming, attention to the international picture; while Japan, so often criticised, shows itself to be much the most internationally minded.

The choices made by the world's monetary authorities in the last few weeks emphasise the gloomy prospects for successful global co-ordination, unless the fiscal policy cavalry comes to the rescue. Without further fiscal adjustment, the US will either experience higher inflation or fail to eliminate the current account deficit. Either way, the world will end up with a serious headache.

A commitment to fiscal adjustment in the US, offsetting changes in West Germany and more generous assistance to those indebted developing countries prepared to contemplate substantial adjustment would go a long way towards meeting current requirements. Without such changes, US deficits without end, a renewed bout of global inflation and, no doubt, severe shocks in stock markets are the prospect. One can admire the ability of Mr Greenspan to make up for Congressional innumeration, but one must hope it will not be necessary after the election.

Philip Stephens surveys the booming UK economy and asks what will follow

Rolls-Royce, in the words of one North Yorkshire car dealer, are driving them out of the showrooms. Ruined cottages in the Cotswolds are selling for up to £200,000. Airports from Glasgow to Stansted are clogged with holidaymakers heading for the Mediterranean sun.

Britain, as the tabloid headlines put it, is booming. For the last two years, it has been on the biggest spending spree since the famous, or perhaps infamous, "Barber boom" of 1973. The evidence is inescapable.

Earnings, credit demand and high street sales have been soaring. Consumers have been saving less of their incomes than at any time for 30 years. Company profits are at their highest since the 1960s. And despite a sharp rise in manufacturing output, surging imports have driven the trade balance into a record deficit.

In parallel, the house price spiral which has long gripped London and the south-east has rippled as far west as Cardiff and as far north as Yorkshire. With its capacity stretched to the limits, manufacturing industry is experiencing the biggest investment recovery since 1964.

The surge in growth, of course, is still heavily biased towards the south of England and even there it has passed by the poor and disadvantaged in the inner cities.

Recorded unemployment in Berkshire was only 3.6 per cent but even the Government's frequently-amended statistics show that it is still 17.9 per cent on Merseyside, 15.9 per cent in Strathclyde. Champagne sales in the City are at record levels, yet it is hard to find much evidence of a boom among the delicat shops and run-down housing estates just across the river in south-east London.

Overall, however, there is little doubt that for the past two years the economy has been growing faster than at any time since the early 1970s.

The spectre of recession conjured up by last October's stock market crash has been replaced by concern that £4bn of Budget tax cuts may have tipped the balance in the economy from buoyant growth to inflationary "overheating".

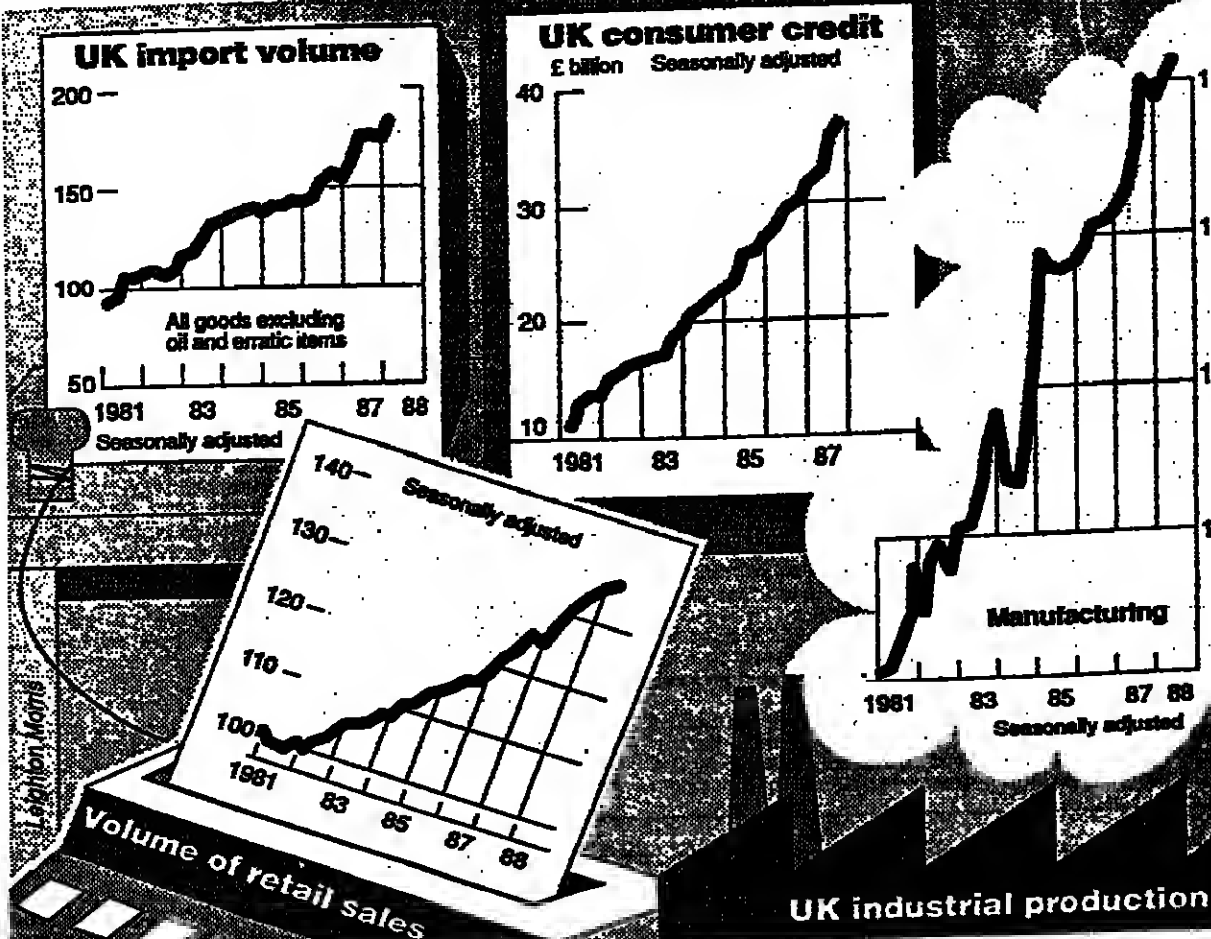
In recent months, the Confederation of British Industry has become almost embarrassed by the way that rates and a rising pound in its stride. It has taken to putting a pessimistic gloss on its regular surveys of manufacturers' prospects to dissuade the Government from applying further pressure on the brakes.

Economists in the Treasury have had to rip up their Budget forecasts and admit that almost everything - growth, consumer spending, credit demand and investment - will be much higher this year than they predicted. So also, they concede, will be the inflation rate and the trade deficit.

Like all such booms, the present one cannot go on for ever. And since virtually all economic statistics are backward-looking, it is impossible to judge whether it is already fading or to assess how bad the inevitable hangover will be.

The rapid deterioration in the trade position and a prospective jump in the inflation rate have already prompted Mr Nigel Lawson, the Chancellor of the Exchequer, to ratchet up the cost of borrowing from 7% per cent in early June to 10% per cent now. Some 8½m home-owners will get an unpleasant reminder of that early next week as banks and building societies push up their mortgage rates to 11.5 per cent.

Higher borrowing costs, the Treasury hopes, will be enough to persuade us all to sober up: to save more and spend less and thus allow a gentle slowing in the pace of demand to the more sustainable momentum of the mid-1980s.



The general air of confidence underpinning higher borrowing was probably further enhanced by actual and prospective cuts in income tax.

Output growth surged to over 4.5 per cent in 1987 and has continued to accelerate this year. Spending in the economy has jumped even more rapidly, hitting an annual rate of between 6 to 7 per cent in the early months of 1988.

That gap between output and overall demand in turn has been reflected in the rapidly widening trade deficit with much of the demand for goods among consumers and industry being met by imports.

The result has been a £5.6bn deficit on the current account of the balance of payments during the first half of 1988 - over three times the shortfall during the whole of 1987 - and the prospect of a gap of at least £10bn both this year and next.

This deterioration makes an eventual end to the boom inevitable. Put simply, the current account deficit signals that Britain is spending a great deal more than it earns.

In theory such a gap could be readily financed well into the 1990s by the run-down of Britain's £100bn of overseas assets.

Mr Lawson is also right in claiming that, in part, it reflects a surge in industry's investment spending which will eventually increase its capacity both to export and to compete with imported goods.

Consumer spending has been rising by 6 per cent a year, but in 1988 at least manufacturing investment is expected to increase by almost three times that amount.

On current trends, however, such investment will do relatively little to close the gap between demand in the economy and industry's ability to supply it. Without a slowdown in domestic spending, a £10bn deficit could in a year or two turn into one closer to £20bn.

Despite the public reassurances, there is little confidence within the Treasury that a deterioration on that scale could be managed without a rapid acceleration in inflation and, eventually, a crunching recession.

The rationale behind the six-half-point rise in interest rates since early June has thus been to take spending power out of the economy to slow the pace of demand. There are other reasons why the economy cannot continue to expand at such a frenetic pace.

Overseas, industry will find that sterling's recent rise has reversed much of the competitive gains from the 1986 depreciation, while world trade cannot be expected to continue to grow at the extraordinary rate seen in late 1987.

In Britain, even before the latest rises in mortgage rates, the bubble in the housing market was beginning to look distinctly fragile. The ratio of house prices to incomes has returned almost to the levels which triggered a major slump in the market in 1974.

The ending of mortgage interest relief for multiple owners and for home improvements will further cool demand.

Higher mortgage payments will coincide with decelerating real incomes growth as higher inflation erodes the value of rising earnings. If consumers do not take seriously the message that they cannot run up their debts indefinitely, Mr Lawson is likely to reinforce it with another rise in borrowing costs.

For the moment there are few visible signs that the boom is over. But the general consensus is that this time next year the economy is likely to be growing at perhaps little more than half its current rate. As to the extent of the hangover, one thing is clear: for most of us the longer the spending spree lasts the worse it will be.

Wild spree, fears of a hangover

Pessimists in the City are less confident of our collective good sense. They fear a major upsurge in inflation which will eventually force Mr Lawson to donse us with yet higher borrowing costs and, in the process, risk turning boom into bust.

But the best starting point in judging where Britain's economy is likely to go from here is to understand what triggered the present boom and just what has been driving it.

The best starting point is 1986. Until then the economy had been pulling out of the deep recession of 1980/81 with a steady growth rate of 2% to 3 per cent. Domestic demand, or total spending in the economy, was rising slightly faster, at perhaps 3% per cent. If anything, the overall momentum was showing signs of a gentle slowing.

In retrospect, however, it is clear that the situation already contained all the ingredients for a boom. Inflation was both relatively low and stable, enhancing consumers' confidence at a time when their earnings were, on average, rising at nearly twice the rate of price increases. House prices were already rising sharply, providing a considerable boost to the personal wealth of millions of home-owners.

Credit demand was growing strongly as the dismantling of controls on consumer borrowing and the breaking down of distinctions between banks and building societies offered a ready supply of new, unrationed, loans.

Industry's profits, meanwhile, which had been rising steadily since the recession of 1981, were climbing back to the levels last seen in the

1960s. Exports had benefited from a gradual depreciation of the pound. The massive shake-out seen in manufacturing industry during the recession had laid the groundwork for what has become known as Britain's productivity "miracle".

The factor which turned relatively buoyant but steady growth into an economic boom, however, was something completely unexpected - the collapse in world oil prices and the subsequent sharp fall in the pound's value.

Initially the oil price collapse, which at a stroke boosted the wealth of consumers and businesses throughout the industrialised world, had little visible impact. Immediate cutbacks in spending by oil-producing nations suggested for a time that the net beneficial effect on the world economy might be marginal.

In fact, the halving of the oil price did provide a major boost to economic growth in oil-consuming nations but only after a lag of nine months or so. The impact was then obscured by October's stock market crash, which focused the attention of policy-makers on the risk of recession rather than on the rapid acceleration in their economies which had been gathering pace throughout 1987.

The wave of co-ordinated cuts in interest rates around the world in response to the crash - in Britain they came down from 10 to 8% per cent - thus came against the background of much more vigorous economic growth than anyone then realised.

A few statistics from the Paris-based Organisation for Economic Co-

operation and Development tell the story. Growth in its 24 member countries averaged an annual 2.8 per cent in 1986. By the second half of 1987 that figure had jumped to 4.2 per cent. The resurgence of world trade was even more startling. In 1986, international trade grew by an estimated 5 per cent. During the second half of 1987 the annual rate of increase more than doubled to 11 per cent.

Britain, as a producing as well as a consuming nation, might have expected to benefit less than its industrial partners, from sharply lower oil prices. But the Government's decision to allow a sharp devaluation of the pound, once the oil price fell, ensured that Britain's industry received a major boost to its competitiveness just as world trade was accelerating. After rising by just over 2% per cent in 1986, the volume of non-oil exports jumped by over 8% per cent in 1987. The impact was then obscured by its industry hit the virtuous circle of rising output and exports and high productivity, with the latter allowing it to accede to even higher earnings growth without compromising its competitive gains.

Consumers meanwhile, saw a twin boost to their real, or inflation-adjusted, incomes as rising earnings coincided with lower inflation. By the first quarter of this year, real personal disposable income was over 5 per cent higher than a year earlier.

That, combined with the increases in personal wealth generated by soaring house prices, provided the background for a surge in credit demand, allowing consumer spending to rise even faster than incomes. The ratio of personal sector debt to income has

MAN IN THE NEWS

Peter de Savary Restless financier at the heart of operations

By Nikki Tait



It was, said Peter de Savary, lounging in the private sitting-room of Mayfair's Aspinall's Club with habitual Havana to hand, "a pretty normal week."

A few miles down the road, the City was not so sure. It was still grappling with the fourth development in as many days - in this case, the purchase of a 10 per cent stake in TV-am by de Savary's quoted LandLeisure group, and the elevation of the 44-year-old financier to the television company's board. Vision of a £300m merger between LandLeisure and West Country brewer J. A. Devenish had surfaced earlier in the week, while his second public vehicle, Highland Participants, unveiled an ambitious £90m plan to build a container port in Kent.

Elsewhere, the yachting world watched the America's Cup brouhaha. De Savary has spent a good deal of money on trying to win the trophy for Britain over a decade and now, with eight weeks to go until the new challenge to the American holders, New Zealand has refused to race the British team.

All this was not enough to fill Mr de Savary's day. He would, he said, have meetings in London until 11 pm, drive through the night to his Falkmouth port, say a quick hello to the night-shift workers and be back in his office there at 8.30 am on Friday.

Accompanying this frantic activity is a well-organised staff. A personal assistant calls with a bulging diary, papers appear to be signed, colleagues and advisers constantly look in. Mr de Savary is very much the heart of the operation, but has yet to overcome the scepticism his unorthodoxy arouses in the City. He has, after all, been subject to more scrutiny by gossip columnists than any other private company sector rarely switch to publicly quoted vehicles, and in de Savary's case the change is barely 18 months old.

The origins of this hyper-ac-

tive, yet almost owlish-looking, financier have been much discussed. By his own account, he was born in Essex, and at 18 months, was whisked off to South America. He re-emerged at Charterhouse. At 16, he departed again and spent the next three years doing a series of lowly jobs in Canada.

A six-year stint as production director of the family joint-venture followed. (Later he bought up the company, restructured it and sold on.) But then, after reported disagreement about his wages and bonus, de Savary started to move into the world of import-export agencies: oil, shipping, and property.

For a while, he attracted attention as managing director of Artoc Bank and Trust, a mainly Kuwaiti-owned merchant bank set up in Nassau in the late-70s. Some of its international investments found their way to Britain, primarily on the property front. Only once, rather unsuccessfully, did it get involved with a small quoted company called Talbox, once hailed as a vehicle for further stock market investments. De Savary, today somewhat dismissive of Artoc's significance, cut his connections in the early 80s.

How much he was worth and at what stage will probably never be answered. But even the most hardened merchant bankers concede that his wealth today is probably considerable. His quoted stakes in LandLeisure and Highland tot-

up to more than £20m; he owns Littlecote, a 500-year-old manor in Wiltshire; and there are the private interests.

That, in turn, raises the whole question of his shift from the well-protected private company world to the very public arena. De Savary himself denies any desire for more millions. The glib world of London clubs is dismissed as "rather here for there" and he professes to hate town life. Instead, like the best interviewee, he cites the challenge. "I wanted to see if I could build up major corporations," is the offered explanation. To which he adds - just in case anyone suspects that his talents will be even more widely flung - that LandLeisure and Highland are the only vehicles he has in mind. More suspicious minds cannot help wondering if further funding possibilities, respectability, and - above all - official recognition for his yachting crusade might also be prominent factors.

What excites de Savary is the prospect of marrying highly cash-generative operations with solid property assets. Hence the appeal of entertainment and the purchase by LandLeisure of the Aspinall casinos for £90m last year. Hence the container port idea - where de Savary sees scope for generating future cash flow while raising the value of the 214-acre site. Hence, too, the TV-am stake.

"It's a company with ever-expanding profitability and the profit is all cash," enthuses the TV station's new shareholder. "We hope to combine their liquidity with our experience."

All of which must yet be proved to an extremely interested, if somewhat sceptical, City gaze. But de Savary's ability to switch on the charm - while not forgetting the finances - should not be underestimated. When he acquired Littlecote and decided to sell off much of the contents, howls were raised. He promptly won over a number of steady hearts by personally buying back certain articles for the house.

Nor does he have a reputation for neglecting detail. One director of a publicly quoted company who purchased significant assets from de Savary was amazed to find how well-run and well-accounted they were. De Savary himself is said to take a dominant hand in all negotiations - a high profile stance not entirely to the comfort of all merchant bankers.

Shareholders must hope that the world of trimarans and catamarans does not impinge too fiercely. When asked about his most difficult challenge to date, the world of international finance is swept away. "Trying to win the America's Cup," explodes de Savary, stabbing with his cigar.

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Balance £5,000+	7.35%	9.80%
Balance £1+	7.00%	9.33%
Fixed-Plus Shares		
Balance £20,000+	7.50%	10.00%
Balance £5,000+	7.00%	9.33%
Balance £500+	6.50%	8.67%
Balance £1+	4.50%	6.00%
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Young Generation Club	6.75%	9.00%
Regular Savings Shares	6.50%	8.67%
Ordinary Shares†	4.50%	6.00%

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Robin Allen and Andrew Gowers report on the implications for Iraq of an end to the Gulf war

A regime's fear of losing the peace

Tracer bullets from anti-aircraft guns lit the sky over Baghdad as the night-time war with the population celebrated a famous victory: not, as one could be forgiven for thinking, the Gulf war ceasefire, accepted in principle by Iran the previous Monday, but a victory over the other enemy Syria, in the final of the Arab nations' soccer tournament.

Explosions of joy over beating Syria at soccer are entirely permissible under President Saddam Hussein's regime, celebrations over the other enemy Syria, in the final of the Arab nations' soccer tournament.

Organisations, then the mukhabarat, the secret police and one of three organs of state security, and lastly the army. All have the President's men in key positions.

President Hussein is having to come to terms with what will at best be an uneasy peace

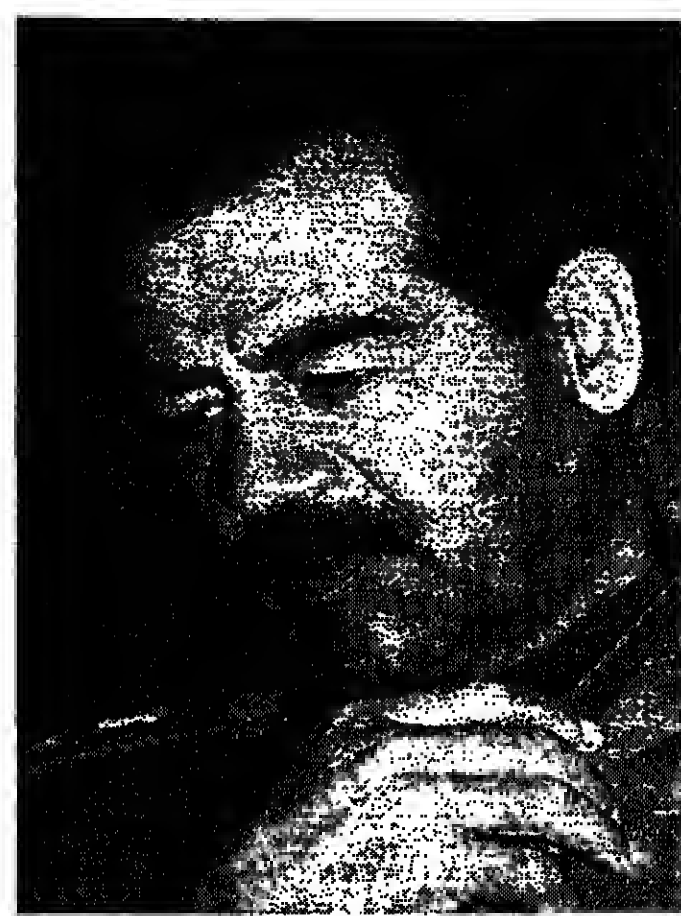
In this, the real war, according to one Western diplomat in Baghdad, "Iraq knows it has won the battle; it has not yet won the war and is fearful of losing the peace."

President Hussein is having to come to terms with what will at best be an uneasy peace

natural outgrowth of his autocratic style of rule and of the accompanying "siege mentality". As the conflict dragged on, belying his expectations of a speedy Iranian collapse, official propaganda came to stress his personal indispensability to the defence effort.

President Hussein is having to come to terms with what will at best be an uneasy peace

The question now is how the President will maintain and deploy this control in facing the challenges of peacetime. The first of these will be raised by the eventual negotiations with Iran on a settlement.



Saddam Hussein

did not respond to the siren calls from Tehran by rising up against the minority Sunni regime in Baghdad. But serious trouble spots remain. The Kurds, in particular, making up some 25 per cent of the population, remain a potent source of disaffection.

's future behaviour as Iraq is of Iran's. Given its total debts of \$80bn or more, its heavy reconstruction needs and its people's obvious war-weariness, Iraq is likely to remain in the position of some dependency for some time.

British broadcasting The rehabilitation of a much-maligned report

By Raymond Snoddy

When the Peacock Report on the financing of British broadcasting was published two years ago this month, opponents queued up to kick it to death.

But the Government has ignored the report's final argument that the recommendations were designed to form a coherent strategy and that it was not possible to pick and choose at will among them without destroying the whole thrust.

The Prime Minister was said to be less than pleased because the report rejected any prospect of advertising on the BBC. One senior minister was heard to say privately that the report should be kicked into the long grass.

Two further proposals that appeared to be dead before they had started to come back to life. These were the suggestion that every new television set sold or rented in the UK should have a "peritv" socket to help the spread of subscription television and that telecommunication companies such as British Telecom and Mercury Communications should be allowed to act as common carriers.

It has not been kicked into the long grass. Instead, with the powerful backing of senior members of Mrs Thatcher's government, hit by its main recommendations have won increasing favour in Downing Street.

been warmly embraced. But one that did not make it was the recommendation that broadcasters should be as publishers, subject only to laws relating to obscenity, defamation, blasphemy and sedition.

With a strike rate of about two thirds on recommendations that are either already accepted or are very likely to

appear in next year's broadcasting bill, Sir Alan believes he has done better than he had a right to expect.

financed by advertising was rejected. A further five recommendations are likely to happen in some form. Support from competitive tendering they are: the sale to other broadcasters of night-time hours; Channel 4 TV to have the option of selling its own airtime; removal of restrictions on non-BC ownership of cable franchises and easing restrictions on both pay-per-channel and pay-per-programme television.

As well as a new freedom for broadcasters, three other Peacock recommendations were rejected: £10 car radio licences to help fund the BBC; a free licence for pensioners drawing supplementary pension and competitive tenders for direct broadcasting by satellite franchises.

Despite the successes, Mr Samuel Brittan, a member of the Peacock Committee and chief economic commentator of the Financial Times says he does not support the emerging government broadcasting policy because on "first amendment" rights to free speech it has actually gone backwards.

LETTERS

Copyright clause needs a re-think

Sir, The copyright laws - perhaps misnamed because they give authors the right not to have their work copied - are intended to ensure that authors are remunerated so that they may continue to create literary works for others to see or read.

granted to owners of copyright works issued in copy protected electronic form means that the mere existence of any device to circumvent the copy protection extends an offence against the Copyright Act and its principles.

"Domesday Project" is a leading example. The new clause is a mechanism to put toll houses at the gateways to the world of knowledge. Those in the toll houses will not just demand largesse; they will also be able to exercise control.

Responsibility rests with the rule-makers

Sir, Clive Wolman's article (July 23) on the problems with client agreement letters required under the Financial Services Act (FSA) identifies their disadvantages to both broker and client alike.

competitive market forces and the exposure to civil liability under section 62 of the Act, not to expect firms to make the most of the opportunity presented by mandatory client agreements.

assent of private parties pursuing their own interests; by nature it is voluntary. It seems, therefore, an inappropriate medium for a regulator (a non-party) to attempt to govern how a firm conducts its business.

Stand up for Blackpool

Sir, A little exaggeration here and there, and a touch of conceit can enliven the dull subject. But Roger Beard's article on the Vale of Lune (Weekend FT, July 16) would have been better placed in the section on fiction than the one on travel.

comprehensive ever undertaken in the holiday market. You and some of your readers might find its conclusions of interest.

Blackpool has always suffered - usually gladly - the jokes of journalists and stand-up comic. They are the price of success. We are even prepared to accept that the refined tastes of Mr Beard entitle him to his opinion that Blackpool is a dump.

Blackpool likes to think it offers something for (almost) everyone, but is big enough to concede that some might prefer Mr Beard - and his ramblings over Lune - in the pages of Weekend FT.

'We regret the need for such extensive agreements'

Sir, We believe Clive Wolman's article in last Saturday's Financial Times (July 23) substantially misrepresents the form and content of our customer agreements and, in particular, we object to the accusation that the main concern of the document sent to our clients is to protect our own position at the expense of that of our clients.

the full terms of the contractual arrangements between ourselves and our clients. The greater part of our documentation is based upon the specific requirements of The Securities Association (TSA) and to a large extent reflects its own model customer agreements for the type of services we are providing. The substance of 17 of the 24 clauses of our Dealing and Advisory Services Agreement in the eight-page document referred to also appears in the model documentation.

records and one page is for signature. We would also comment in relation to the specific references made by Mr Wolman with regard to our agreement. We are not sure which clauses he means when he refers to "thinly disguised exemption clauses". None of the exemptions are prohibited by TSA rules, and many are specifically permitted. We do not consider that they are unfair to our customers and the restriction of liability specifically excludes our negligence, willful default or fraud or any obligation arising under TSA's rules or the Financial Services Act. We are also a separately registered member of the International Stock Exchange and bound by its rules.

tomers. The clauses referred to concern "conflicts of interest" arising from the agency relationship existing between ourselves and our client, so that we or our associated companies may retain certain benefits for which we may otherwise have to account as agent notwithstanding best execution.

receive, we may deal with them as separate items in any revised version of the Agreement. One of the problems of Big Bang and the creation of financial services conglomerates was the potential problems of conflicts of interest. These protective provisions have largely been in place since October 1986, but are now incorporated into the new agreements.

ADVERTISEMENT

BUILDING SOCIETY INVESTMENT TERMS

Table with columns: Product, Applied rate, Net rate, Interest, Minimum balance, Access and other details. Lists various investment products from building societies like Abbey National, Alliance and Leicester, etc.

UK COMPANY NEWS

Pearson selling its Whitehall Petrol. offshoot for £94m

By Nikki Tait

PEARSON, the publishing, banking and industrial group which owns the Financial Times, yesterday announced that it is selling its Whitehall Petroleum subsidiary to Amerada Hess, the US oil company, for £94m cash.

at the top-end of the range for North Sea assets. "It's a fairly high-profile deal, but one can understand the pre-conditions," commented one Oil sector specialist.

Amerada Hess added that it now planned to talk to Pict Petroleum, the oil independent in which it has a 42 per cent minority stake.

Pearson is believed to have taken the decision to sell Whitehall relatively recently. If the business had been retained, some fairly substantial investment - as much as £200m - could have been involved over the coming years.

NBC poised to take stake in Visnews

By Raymond Snoddy

NBC, the US network television company, is believed to be in negotiation for a substantial stake in Visnews, the London-based international television news agency.

Visnews declined to comment yesterday. Until recently, the UK news agency was owned by the BBC, Reuters, and the Canadian, Australian and New Zealand Broadcasting Corporations.

W Greenbank pays £5.2m for shopfitters

By David Cohen

Walker Greenbank, acquisitive industrial mini-conglomerate led by Sir Anthony Jolliffe, the former Lord Mayor of London, has expanded its shopfitting interests with the purchase of three private Darwin-based companies - Mobitex, Montan Joinery and Montan-Lago - for £5.2m.

Accis returns to black on back of acquisitions

Helped by acquisitions Accis Group reported interim pre-tax profits of £554,000, against a loss last time of £53,000 and more than for the whole of the previous 12 months.

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Turnover in the six months to the end of June was £2.62m compared with £379,000 for the six months to the end of July 1987, the year end having been changed. After tax of £194,000 this time, earnings per 10p share for this USM-quoted company were 1.2p against losses of 0.8p.

Nestor advances 50% to £1.6m

In its first interim since coming to the market last November, Nestor-BNA, nursing agency, revealed pre-tax profits up from £1.07m to £1.6m.

Commission income of BNA, the nursing agency, has increased by 22 per cent with operating profits up 12 per cent to £1.33m.

BT holders criticise Tebbit appointment

By Hugo Dixon

ANGRY shareholders criticised the choice of Mr Norman Tebbit, the former Cabinet Minister, as a director of British Telecom at BT's fourth annual meeting in Birmingham yesterday - but to no avail.

plained "We don't really know what Mr Tebbit is here for."

Mr John Vallance, chairman, answered that Mr Tebbit would be "particularly useful in contributing to regulatory and government matters. He will not be negotiating with the unions and I am sure they will be glad he won't."

Despite LDC debt, the results contain 'significant improvement' Lloyds advances to £452m halfway

By David Barchard

LLOYDS BANK, the smallest of the four big clearing banks, yesterday reported pre-tax profits of £452m for the six months to the end of June.

The first half results were hailed in the City as containing a "sense of significant improvement". Though Lloyds still has continuing problems with developing country debt, most analysts believe that its increasing profitability elsewhere should offset its difficulties on this front.

The prospect of a rights issue at an early date, which seemed a possibility a year ago, has now receded with the strengthening of Lloyds' capital ratios.

Earnings per share of 35p compare with losses last time of 64p.

Pre-tax profits in UK retail banking advanced from £245m to £317m, an increase of 29 per cent. Lloyds Bowater Finance made £54m (£38m), but Lloyds Bank Insurance Services profit fell from £22m to £15m, and Lloyds Leasing Group also dropped from £15m to £11m.

Lloyds' mortgage book currently stands at £5.1bn (£4bn) and profits from mortgages in the first half were £90m (£53m). Lloyds' international banking side reported profits of £52m, against last time's losses of £1.02bn.

Lloyds still has exposure of £4.15bn in LDC debt, but Sir Jeremy Morse, chairman, said he hoped talks with the Brazilian government, where Lloyds has exposure of £1.19bn, would



Sir Jeremy Morse: continued growth in the second half

bear fruit in the next few months. Lloyds Merchant Bank moved back into the black with profits of £5m against losses of £32m last time, when it was forced by losses to with-

draw from gilt-edged and Euro-bond dealing operations. Mr Brian Pittman, Lloyds' chief executive, said that corporate finance, development capital and investment management were in profit and stockbroking was "just about breaking even".

Pre-tax profits from Corporate Banking grew by 14 per cent to £48m (£43m).

Group operating costs were £336m (£353m) and £677m (£696m) for UK operations. The cost-income ratio of the group now stands at 61.1 per cent, compared to 65 per cent a year ago.

The bank's post-tax return on average total assets was 1.2 per cent (loss of 2.14 per cent) and its equity/assets ratio now stands at 5.4 per cent compared to 4.4 per cent a year ago and 5.3 per cent at the end of 1987.

The bank declared a dividend of 5.8p (4.6p). Sir Jeremy said that it expected to see continued profitable growth in the second half of the year.

See Lex

Clearing the red from the books

David Barchard looks at the signs of recovery in the four big banks

FEW SATISFACTIONS can be as great as that experienced by a banker when moving back into the black in their interim results announced this week.

Concern with market share has returned to their traditional role of being the major source of income for the banks, but the market is becoming steadily more crowded.

However the suspicion must be that these have come under some pressure from building societies offering financial services - such as credit cards and cheque book current accounts - which until very recently were the exclusive preserve of the banks.

At NatWest, the largest clearer, domestic profits of £477m were down a puzzling 11 per cent, while operating costs rose by an alarming 25 per cent.

Most of the profit figures contained small but helpful exceptional items, such as Barclays' sale of its Californian subsidiary. This would not have been necessary if the picture, projected by the banks last year, of surging profitabil-

ity at home offsetting losses in Latin America, was still entirely true. Banking activities in the UK have returned to their traditional role of being the major source of income for the banks, but the market is becoming steadily more crowded.

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Barclays expects that its lending will slow down in the second half of the year, but this week, Mr John Quinton, Barclays' chairman, was able to announce that in some sections of the personal market, Barclays is now number one.

The other banks accuse Barclays of being preoccupied with market share and warn that no good can come out of such a fast increase in lending, a suggestion that Barclays firmly rejects.

"This is not a mad dash for growth. Our increase in market share has not been bought by undercutting others," said Mr Quinton. He pointed out that the average margin on lending by Barclays over the base rate has actually gone up by 0.2 percentage points since the start of the year.

One of the surprises of the results was in the four banks' investment arms. None of them has looked entirely happy over the last year, with several being forced to withdraw from loss-making operations, even without last October's stock market crash being taken into account. Yet all four did reasonably well.

Only Conny NatWest declared a loss - at £10m, much less than the market had feared - while Midland Montagu converted a hair's breadth profit of £2m a year ago into a healthy £53m.

The most impressive performance was that of Barclays de Zoete Wedd where an £11m loss at the year-end turned into a half-year profit of £27m. Midland Montagu and Lloyds Merchant Banks have retrieved their situations by cutting

their losses and concentrating on areas of strength. By not doing the same, Conny NatWest has committed itself to a much longer hat-trick of losses - ultimately more profitable path.

The question that none of the banks was eager to answer directly was whether the spectre of Third World debt has now gone away for good. Some analysts felt that this summer's figures would have been more, rather than less, encouraging.

Eager to show that the crisis was over, none of the banks made any exceptional provisions this year. However, all of them have large amounts of debt still outstanding and must pin part of their hopes for future profitability on such matters as negotiations with the new government in Brazil (looking hopeful) and Argentinian payments of interest (not so hopeful).

NatWest and Barclays have less LDC exposure and much larger balance sheets, and are hence placed to ride out any further upsets in Latin America. Lloyds' ratio of LDC debt exposure to equity is dropping and its strong profitability at home gives cause for optimism.

Midland's problems however look as if they will take longer to go away, despite courageous and entrepreneurial leadership from Sir Kit McMahon, its chairman. It has already had to make automatic provision this summer against overdue interest payments from Argentina.

It is counting on strengthened ratios, particularly a risk/asset ratio which Sir Kit identifies as being around 11 per cent, to signal to the market that it too is out of the woods.

Table: CLEARING BANK RESULTS JUNE 1988. Columns: Assets, Pre-tax profit, Domestic, LDC, Equity/assets. Rows: Barclays, NatWest, Midland, Lloyds.

Table: Pre-tax performance of Merchant Banks. Columns: June 88, June 87, Dec 87. Rows: BZW, County NatWest, Midland Montagu, Lloyds Merchant.

Trilion cuts loss despite heavy interest charges

By David Walker

TRILION, the television facilities house which is emerging from its troubles, yesterday reported reduced losses for the six months to the end of March. Huge interest charges turned a trading profit of £263,000 into a pre-tax loss of £735,000. This compared with a £596,000 loss last time.

Mr Ian Reed, chairman and managing director, said that the company's financial position had been dramatically transformed over the last twelve months, mainly because of a £17m rights issue in May. But he warned that the reduced interest charge would only feed through in the final quarter of the current year.

Interest for the half year absorbed £1.6m (£470,000) and the attributable loss worked out at £735,000 (£1.25m). The loss per share was 2.5p, against 3.8p.

that these losses could be written off. comment The Trilion saga would make a colourful business documentary, with an added touch of soap opera: every problem that could possibly beset a small company has visited Trilion since it joined the Unlisted Securities Market in 1986. It made a promising debut, but then accumulated numerous companies with little thought of industrial logic and less of financial control.

With accumulated losses of more than £6m, Trilion is in no position to pay a dividend. But Mr Reed said that he intended to seek shareholder approval for a reduction of the company's share premium account so

Electronic Machine rise

A 67 per cent rise in pre-tax profits from £21,000 to £35,000 was reported by Electronic Machine Company, maker of radar, electronic devices and optical components, for the six months to March 31 1988.

An unchanged interim dividend of 0.9p is being paid from earnings ahead at 0.95p (0.65p).

The directors said the increase had been achieved despite difficult trading conditions, particularly at Davin Optical. APT Radar Systems again achieved good results, while Britannia, the precision engineering subsidiary, was trading profitably after an uneasy start to the year.

S Banks profits down to £2.2m

Reduced pre-tax profits of £2.16m against £2.7m were announced by Sidney C Banks, grain and agricultural merchant, for the year to April 30 1988. Turnover fell from £28.24m to £18.6m.

A final dividend of 4.875p (4.625p adjusted) makes a total of 7p (6.25p) payable from earnings of 21.4p (25.9p).

The directors said the downturn reflected problems facing the UK farming industry. Those were exacerbated in the second half by the impact of the relocation of its cereal and pulse processor, and rationalisation of loss-making activities in related companies.

Vernons helps Thomson T-Line advance to £6.1m

By Vanessa Houlder

THOMSON T-LINE, the mini-conglomerate which bought the Vernons football pools business in February, yesterday announced pre-tax profits of £2.1m for the year to April 30. This compares with £780,000 for the 18 months to the same date last year.

deal was not foreseen in the next three months while Vernons was reorganised, said Mr Askin. Trading conditions remained firm and order books were well up on last year and a number of current budgets, he added.

An eight-week contribution from Vernons contributed about £1.5m to profits. Mr Julian Askin, joint chairman, said that the reorganisation of Vernons was underway. The management team had been changed and further major decisions would be made later on in the year.

The results from the remaining electrical and electronics, fasteners and chemical businesses were in line with the £4.6m forecast made at the time of the Vernons acquisition. Mr Askin said that all these businesses had performed well, following management changes, the introduction of incentives and thereduction of debt.

Further acquisitions were anticipated, although a major

Suter says it welcomes DTI probe into share dealings

SUTER, the engineering conglomerate headed by Mr David Abel, said yesterday it welcomed the Department of Trade and Industry investigation into dealings in the shares of Francis Industries, which it owns, James Neill Holdings and F.R. Lloyd Holdings, which Andrew Hill, writes Andrew Hill.

Suter has held shares in all three companies within the last five years.

The DTI said its inspectors would look in particular at the possibility that illegal "concert parties" combined their shareholdings to influence or control the companies.

The engineering group said neither Suter nor Mr Abel had at anytime been involved in such concert parties. It said it believed confident of the outcome of the investigations which it believed would help remove the cloud which has hung over the company's shares since last December's broadcast of a Channel 4 television programme, currently the subject of legal action.

Yesterday Suter's shares rose 1p, following the announcement, to close at 181p.

Suter bought Francis Industries, maker of gearbox components and metal containers, in 1984 after a long and tortuous battle which started with the acquisition of a 7 per cent stake and culminated in an agreed bid.

Suter also holds shares in James Neill, the Sheffield-based manufacturer of hand tools, from about August 1984 and sold the 11.7 per cent stake in January 1985. Four days later, the group disclosed a 6.9 per cent holding in F.R. Lloyd, a foundry and engineering group, which was raised to 27.7 per cent until it was sold in July 1986. Lloyd has since merged with Triplex to form Triplex Lloyd.

Goodman/RHM

Goodman Fielder Wattle, the Australian food group which is making an unwelcome £1.7bn bid for Ranks Hovis McDougall, yesterday announced that it had raised its stake in its target to 29.9 per cent. It previously held around 25.3 per cent.

Goodman cannot acquire any further shares until 21 days after its formal offer document is posted. This, it said, yesterday would happen shortly. Goodman's purchases were possible because shares in RHM yesterday slipped below the offer price of 465p for the first time. They closed down 4p at 462p.

BICC acquisition

BICC, the electric cables and construction group, is to buy the US cable manufacturer, Continental Wire and Cable, for \$24m (£14m) cash, payable in three tranches.

CWC is based in York, Pennsylvania, and owned by the Swedish group Ericsson. Last year, CWC recorded pre-tax profits of \$3.25m on turnover of \$33m.

Gibbs Mew up 50%

A first time contribution from Bridger Properties helped Gibbs Mew, US-quoted brewer and commercial property developer, raise pre-tax profits by 50 per cent from £946,000 to £1.27m for the year ended March 31 1988.

Group turnover increased 28 per cent to £19.25m, against £15.03m. After tax of £279,000 (£244,000) earnings per share were 16.88p (10.88p). The final dividend is 5p for a total of 5.5p (4p).

March falls halfway

The combination of the shorter days and the earlier in the year and intense price competition in the Indy car market resulted in March Group's interim pre-tax profits falling from £289,000 to £113,000 pre-tax. The shares fell 20p to close at 96p.

Turnover for the six months to April 30 was £7.45m (£7.85m). The interim dividend for this USM-quoted company is being cut from 1.65p to 0.64p.

DIVIDENDS ANNOUNCED

Table: DIVIDENDS ANNOUNCED. Columns: Company, Current payment, Date of payment, Corres. Dividend, Total for year, Total last year. Rows: AMS Industries, Baxley (Sydney) Co, Capricorn Property, Electr. Machines, Gibbs Mew 5, Kingsgrange, Lloyds, March Group 5, Merrydown Wine 5, Nestor-BNA, Optical & Med., Park Food, Sheld Group 5, Silvered 25p, Thomson T-Line, Wace Group.

Dividends shown pence per share net except where otherwise stated. *Equivalent to 10p for each £100 of shares. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. ¶Third market.

LONDON RECENT ISSUES

Table: LONDON RECENT ISSUES. Columns: Issue, Amount, Issue Date, 1988 High, Low, Stock, Closing Price. Rows: 100p, 200p, 500p, 1000p, 1500p, 2000p, 2500p, 3000p, 3500p, 4000p, 4500p, 5000p, 5500p, 6000p, 6500p, 7000p, 7500p, 8000p, 8500p, 9000p, 9500p, 10000p.

FIXED INTEREST STOCKS

Table: FIXED INTEREST STOCKS. Columns: Issue, Amount, Issue Date, 1988 High, Low, Stock, Closing Price. Rows: 100p, 200p, 500p, 1000p, 1500p, 2000p, 2500p, 3000p, 3500p, 4000p, 4500p, 5000p, 5500p, 6000p, 6500p, 7000p, 7500p, 8000p, 8500p, 9000p, 9500p, 10000p.

RIGHTS OFFERS

Table: RIGHTS OFFERS. Columns: Issue, Amount, Issue Date, 1988 High, Low, Stock, Closing Price. Rows: 100p, 200p, 500p, 1000p, 1500p, 2000p, 2500p, 3000p, 3500p, 4000p, 4500p, 5000p, 5500p, 6000p, 6500p, 7000p, 7500p, 8000p, 8500p, 9000p, 9500p, 10000p.

A final dividend of 1.65p has been proposed for shareholders of the company as at the end of the year. The dividend is subject to the approval of the shareholders at the annual general meeting on 15th September 1988. The dividend is payable on 15th September 1988 to shareholders who are registered in the company's register of members as at 15th August 1988. The dividend is payable in cash unless the shareholder has elected to receive it in shares. The dividend is payable in cash unless the shareholder has elected to receive it in shares. The dividend is payable in cash unless the shareholder has elected to receive it in shares.

INTERNATIONAL COMPANIES AND FINANCE

Montedison signs Enichem merger

By Alan Friedman in Milan

ITALY'S two biggest chemicals companies - state-owned Enichem and privately controlled Montedison - yesterday signed a long-awaited plan to join forces in a new concern that will have around \$10bn of annual turnover and should rank as the world's eighth biggest company in the sector.

BSN expansion continues with Soparind jams deal

By George Graham in Paris

BSN, the large French foods group, has agreed to buy the jams division of Soparind, holding company of the Bongrain cheese producer.

Sumitomo Life paves way in US property development

By Stefan Wagstyl in Tokyo

SUMITOMO LIFE, one of Japan's largest life insurance companies, is investing in a \$400m property development scheme in Manhattan, in the first investment in overseas real estate development by a Japanese financial institution.

Indonesians snap up Ralston's Chicken of the Sea

By John Murray in Jakarta

MANTRUST, Indonesia's largest food processor, this week secured itself a significant amount of American shelf space with the purchase of Chicken of the Sea, the second largest US canned tuna brand.

started Mantrust more than 30 years ago supplying biscuits to the Indonesian army. Almost all mainland US canneries are today closed. Facilities in Puerto Rico and American Samoa, where Van Camp has operations, have also faced difficulties following US legislation to boost minimum wages.

US deal will thus double in size. The company has a factory in Bali, in collaboration with the US tuna fleet's co-operative association. The company has also bought a stake in Perikanan Samudra Pusei, the state fishing fleet.

Aetna Life income declines in line with US insurers

By James Buchan in New York

AETNA LIFE and Casualty yesterday rounded off a dim set of quarterly results from the US insurance industry with a 12 per cent decline in net income in its second quarter in June.

and a special charge to earnings of \$45.1m which Aetna, as insurer to A.H. Robbins, agreed to put up as its share of a fund to compensate women injured by Robbins' Dalkon Shield intra-uterine device.

though this included the Dalkon Shield charge. In reinsurance, where rates are flatter than in the primary business, earnings increased from \$32.9m to \$43.6m.

MoF investigates Recruit

By Ian Rodger in Tokyo

JAPAN'S Ministry of Finance is investigating the so-called Recruit scandal in which several prominent businessmen and public officials made windfall profits on share sales following the flotation of a small property company, Recruit Cosmos, two years ago.

disclosed that associates of Prime Minister Noboru Takashita, former Prime Minister Yasuhiro Nakasone and Mr Miyazawa were among those benefiting from the share flotation.

Bridgestone 19% ahead

By Our Financial Staff

BRIDGESTONE, Japan's leading tyre producer, boosted pre-tax profits 19 per cent to ¥34.3bn (\$25.7m) in the half-year to June.

BIG floated as price cut

By Gordon Cramb

MR ALAN BOND, the Perth entrepreneur, has been forced again to cut the price of units in Bond International Gold (BIG) to assure success for the US\$300m flotation, the world's largest by a gold mining company.

Week in the Markets

THE RENEWED weakness of the coffee market and the retreat of silver from last week's highs were the chief features on the London commodities scene this week.

Those suggestions were quickly quashed, however, as coffee prices renewed their downward course under pressure from speculative selling in New York. And by Wednesday's deadline the 15-day average indicator price, at 114.51 cents a lb, remained comfortable below the 115 cents a lb trigger level.

The theory of quota cutting is that, by progressively restricting supply, prices will be buoyed to the required level. But, as some ICO members suggested at the time, this year's global coffee quota had clearly been set far too high in the first place.

slow the price plung. London's September futures position fell 137 that day, and on Thursday a further 251 fell to the price to a 7-year low. Traders holding long positions had "simply bailed out," one dealer commented.

market must be running out of potential sellers. But in spite of a £40 rise the September position was still £50 down on the week at £1,025 a tonne, and there was no suggestion that the underlying bearish mood had changed.

The fundamental situation has not changed markedly. The miners' strike in Peru, which normally accounts for about 18 per cent of silver mine production, is still continuing, indeed, this week, its impact took more concrete form with the declaration by Compa, the state-owned company which produces 45 per cent of Peru's exportable silver, of force majeure on shipments. That followed last week's Government announcement that exports of silver mined by the state-owned sector were being halted.

commodity markets this week was a rally in cocoa futures. The recent slide continued until Tuesday, when at one point the September position touched \$918 a tonne. But then concern about scarce supplies of good quality West African beans, resulting mainly from the Ivory Coast's policy of withholding supplies from the market, prompted an upturn, which took the September price up to \$970 a tonne on Thursday.

Table with 2 columns: Commodity Name and Price/Change. Includes items like Gold, Silver, Copper, and various oils.

Table with 2 columns: Commodity Name and Price/Change. Includes items like Wheat, Soybeans, and various grains.

Table with 2 columns: Commodity Name and Price/Change. Includes items like Natural Gas, Heating Oil, and various fuels.

Table with 2 columns: Commodity Name and Price/Change. Includes items like Tin, Lead, and various metals.

Table with 2 columns: Commodity Name and Price/Change. Includes items like Platinum, Silver, and various precious metals.

Table with 2 columns: Commodity Name and Price/Change. Includes items like Cocoa, Coffee, and various agricultural products.

Table with 2 columns: Commodity Name and Price/Change. Includes items like Soybeans, Wheat, and various grains.

Table with 2 columns: Commodity Name and Price/Change. Includes items like Gold, Silver, and various metals.

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Table with 2 columns: Commodity Name and Price/Change. Includes items like Soybeans, Wheat, and various grains.

WEEKLY PRICE CHANGES. Latest prices, changes year, high, low. Includes a note about aluminum 99.7% only available since August.

ALUMINIUM. The Financial Times proposes to publish this survey on 26th October 1988. For a full editorial synopsis and advertisement details, please contact: Anthony G. Hayes on 021-454-6222 or write to HIM at: Financial Times, George Road, Edgmont, Birmingham B15 1JG.

WORLD STOCK MARKETS

NEW YORK (pm)

Table of stock prices for various companies in New York, including columns for company names, prices, and changes.

Wall Street

Bonds rise helps Dow stride ahead

FIRMER bond prices helped Wall Street stocks make broad gains early in the afternoon. The continued strength of the dollar, defying central bank intervention, also provided support.

The Dow Jones Industrial Average had gained 34.31 to 2,116.64 by 1:30 pm, breaking through resistance at the 2,100 support level. Gaining issues outpaced losers by about two to one in moderate trading.

Food stocks rose as drought concerns receded following rain in the US farmland. Quaker Oats put on 1/4 to \$47.

Canada

GOLD stocks moved sharply higher in line with the price of bullion, helping Toronto stocks advance in moderate trading by midsession. Energy issues and industrials also gained.

The composite index rose 14.3 to 3,364.7 on volume of 8.8m shares. Among gold stocks, Placer Dome gained 2 1/2% to C\$16 1/2, Lac Minerals 2 1/2% to C\$14 and Corona 2 1/2% to C\$9.

Active issues included Nova, up 3 1/2% to C\$18 1/2, Inco off 1/2% to C\$25 1/2, and Alcan, 1/2% higher at C\$37 1/2. Among energy stocks, Texaco Canada rose 1/2% to C\$34 1/2 and Gulf Canada 1/2% to C\$25.

North American closing prices were not available for reports in this edition.

CS18 following an increase in the price of crude oil.

Tokyo

WIDESPREAD buying pushed share prices higher in spite of afternoon profit-taking on electrical, precision instrument and auto stocks.

The Nikkei average rose 115.54 to 27,911.63 after gaining 57.52 on Thursday. Turnover was active at 1bn shares.

The rise on Wall Street overnight supported Japanese stocks as did a drop in the Commodity Research Bureau index and in oil prices, which soothed inflation fears.

Comments by finance minister Mr Kiichi Miyazawa in the morning that he currently saw no inflationary threat or overheating economy in Japan also reassured investors and prompted afternoon buying.

Announcements of strong consolidated earnings by many city banks boosted banking stocks. Fuji Bank rose 1/20 to ¥3,220 and Sumitomo Bank 1/40 to ¥3,520.

High technology issues generally fell on profit-taking after recent gains, with Sony down 1/40 to ¥6,550.

Frankfurt

THE RISING dollar and overnight gains on Wall Street left Frankfurt shares higher, but off their best levels for the day.

Turnover was subdued, with many domestic investors on holiday and foreigners unwilling to open fresh positions.

The real time DAX index opened 15.78 to 1,811.72, while the FAZ rose 5.45 to 485.95. News on Thursday that Germany's trade surplus had widened to DM10.3bn in May from DM9.5bn in April helped to boost shares.

Heavily export-oriented companies benefited, particularly from the dollar's advance.

Zurich

FAR EASTERN gains and the rise on Wall Street overnight spurred Swiss stocks upwards. Interest focused on smaller Swiss insurances, which fluctuated strongly in heavy dealing.

Bernor Insurance rose SF500 to SF8,000 before falling back on profit-taking to close unchanged at SF7,500, while takeover target La Suisse picked up SF150 to SF2,150.

Retail and restaurant group Merkur was suspended from trade after rising SF1,150 to SF5,850 amid takeover talk.

Paris

A QUIET day left French shares higher, with many investors staying away as the market wound down for the August holiday period.

The food and drinks sector led rises. Bongrain gained FF114 to FF2,524 amid rumours of stake-building in Italian giant Galbani.

LVMH, which rose early in the day on news that Agache and Guimenes had raised their stake by 3 per cent to 27 per cent, lost FF1 to FF2,750 as investors waited for further details of the board shake-up.

Amsterdam

FAIRLY active trading saw Dutch share prices rise, encouraged by the continued strength of the dollar and rises on Wall Street.

The previous day's increases in Dutch interest rates had no further impact and the recent gloom that had followed lower first-half figures for Philips evaporated.

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Milan

CHEMICALS group Montedison was the focus of lively trading as shares firmed.

Montedison gained L35 to L1,850, before climbing to L1,886 after the official close on news that it had reached agreement on a joint venture with state-owned ENI.

Hong Kong

RISES in Tokyo and New York helped push Hong Kong shares higher. The Hang Seng index gained 15.47 to 2,678.92 on fairly slow turnover of HK\$748m.

Hk Land led the most active list, picking up 15 cents to HK\$8.40. Winsor Industrial, the textile manufacturing group, gained 10 cents to HK\$9.75 after reporting a 16.4 per cent annual profit rise.

Australia

AN IMPROVED performance by New York on Thursday helped prices advance in quiet trading. Volumes were inflated by the expiry of options in leading stocks.

The All Ordinaries index put on 11.5 to 1,611.7. Bell Resources topped the national turnover figures, with 20.38m shares traded, gaining A\$5 to A\$1.71.

Singapore

PROFIT-TAKING in the afternoon tipped Singapore shares off their highs, but prices closed better overall, encouraged by advances on Wall Street, Tokyo and Hong Kong.

NEW YORK DOW JONES

Table showing Dow Jones index values for various dates in 1988, including high and low points.

INDICES

Table of various stock indices including Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Italy, Japan, Netherlands, Norway, Singapore, South Africa, Sweden, Switzerland, and the World Index.

NEW YORK ACTIVE STOCKS

Table listing active stocks in New York with columns for stock name, price, and change.

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Table listing active stocks in New York with columns for stock name, price, and change.

Notes and footnotes at the bottom of the page, including information about data sources and publication details.

CURRENCIES AND MONEY

FOREIGN EXCHANGES

US dollar back in favour

THE PROSPECT of higher US interest rates was sufficient to encourage a significant switch into the dollar yesterday. The rise took the US unit close to its highest level against the D-Mark for nearly a year at one point, despite further central bank intervention. The Bundesbank and the Swiss and Dutch central banks were active sellers in early trading, and were joined later by the US Federal Reserve Bank. But this was insufficient to prevent a dollar appreciation, which was regarded as an attractive high yield investment. Despite its retreat from the highs seen earlier in the week, sterling retained its bullish undertone. Some dealers argued that any significant deterioration would increase the authorities' scope to push base rates higher. However some profit taking after its recent sharp rise was inevitable, and the pace at which funds were shifted out of sterling was accelerated by the dollar's increased attraction.

But Friday is never a good time to try and assess currency trends. Some traders expect sterling to resume its upward trend next week, but even if it does not, a softer tone would be regarded as a good opportunity to push base rates up. On Bank of England figures, the pound's exchange rate index fell to 76.5 from 77.1 at the opening and 76.8 on Thursday. Sterling fell to \$1.1705 from \$1.1720 and DM3.2075 compared with DM3.2125. It was also lower against the yen at ¥227.60 from ¥228.00. Elsewhere it finished at FF10.8075 from FF10.8325 and SF2.6700, unchanged from Thursday.

A lower pound took some of the pressures off the international equities, although it again showed a somewhat cool response to the interim trading figures. Speculative stocks climbed in the absence of developments in the food, publishing and energy sectors. Amersham International, however, continued to advance as rumours circulated that several major investment institutions would support any move to cancel the ban on shareholdings in excess of 15 per cent of the equity. Equities rounded off the week with most gains which still left the market showing a very small fall over the two week Account period. Government bonds shaded lower on the Chancellor's admission that domestic inflation could move higher this year. A lower pound took some of the pressures off the international equities, although it again showed a somewhat cool response to the interim trading figures. Speculative stocks climbed in the absence of developments in the food, publishing and energy sectors. Amersham International, however, continued to advance as rumours circulated that several major investment institutions would support any move to cancel the ban on shareholdings in excess of 15 per cent of the equity. Equities rounded off the week with most gains which still left the market showing a very small fall over the two week Account period. Government bonds shaded lower on the Chancellor's admission that domestic inflation could move higher this year.

LONDON STOCK EXCHANGE

Gilts dull but equities end Account firmly

Account Dealing Dates table with columns for First Dealing, Last Dealing, and various dates.

FAVOURABLE COMMENTS on the UK economy from Mr Nigel Lawson, the UK Chancellor of the Exchequer, found a muted reception in the UK securities markets yesterday. Equities rounded off the week with most gains which still left the market showing a very small fall over the two week Account period. Government bonds shaded lower on the Chancellor's admission that domestic inflation could move higher this year.

FINANCIAL TIMES STOCK INDICES table with columns for July 29, July 28, July 27, July 26, July 25, and Year Ago. Includes Government Sec, Bond Index, and S.E. Activity.

insisting that nothing in the nature of a public bid for the acquisition had been made. However, market-makers believe that something is in the pipeline at Admiral. Next attracted good two-way business after Thursday's business as its Gradians Mail-order business was trading poorly were discounted by several City analysts. The battle lines have been drawn with BZW and Kiblat Alton's analysts and Gradians in some body, and Century Westwood, Warburg Securities, Phillips & Drew, and Morgan Stanley claiming business at Gradians is thriving. County has issued a very firm "buy" note on Next which has been followed by Morgan Stanley's chief stock analyst, reports sales at Gradians up 21 per cent for the first week of its new catalogue and 26 per cent up for the second week. Next is to justify the recent dip in the Next share price. "Overall Next looks overvalued and I expect it to bounce back sharply on the new catalogue which will be the subject of a big new Oxford Street store due in two weeks and the publication of its new directory not long after that at 23p on turnover of 4.1m.

£ IN NEW YORK

Table showing £ in New York with columns for July 29, Last, and Previous.

STERLING INDEX

Table showing Sterling Index with columns for July 29, Last, and Previous.

CURRENCY RATES

Table showing Currency Rates with columns for July 29, Bank, and Previous.

CURRENCY MOVEMENTS

Table showing Currency Movements with columns for July 29, Bank, and Previous.

OTHER CURRENCIES

Table showing Other Currencies with columns for July 29, Bank, and Previous.

MONEY MARKETS

UK rates edge firmer

INTEREST RATES rose on the London money market yesterday, as a result of comments about inflation made by Mr Nigel Lawson, Chancellor of the Exchequer, in a letter to Conservative MPs. Mr Lawson's admission that UK inflation is set to move higher set the tone for the market, and the trend was also encouraged by an easing of sterling against the D-Mark. Three-month interbank rose to 10 1/4-10 1/2 p.c., but dealers noted that the present high level of the pound, in terms of the West German currency, probably rules out any further early rise in UK bank base rates. The Bank of England initially forecast a money market credit shortage of around £700m, with factors affecting the market including bills maturing in official hands and a take up of Treasury bills, together with repayment of any late assistance draining £502m. In addition, banks brought forward balances £20m below target, and there was a rise in the note circulation of £315m. These were partly offset by Exchequer transactions, which added £140m.

amount of maturities. In Frankfurt fixed period rates were firmer, with three-month money rising to 5.20 p.c. from 5.10 p.c., as Thursday's rise in the Bundesbank's Lombard emergency financing rate failed to end speculation that rates will move higher. Call money fell to 4.05 p.c. from 4.50 p.c.

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing with columns for 3 months US dollar and 6 months US dollar.

MONEY RATES

Table showing Money Rates with columns for New York Treasury Bills and Bonds.

LONDON MONEY RATES

Table showing London Money Rates with columns for July 29, Overnight, 7 days, One Month, Three Months, Six Months, and One Year.

LONDON REPORT AND LATEST SHARE INDEX: TEL 0898 123001

day in this trading. The bond sector closed cautiously as traders awaited fuller details of next Tuesday's auction of near-dated Government securities. According to some analysts, the main risk was the impact of the building society portfolio, which would remove the issue from the Government funding category. Some witnesses noted activity as 25m shares went through the system. Once again rumours that the Al Fayed's had sold their 10 per cent stake was the spark which set the market alight. This time it was German mid-order dealer Otto Versand which was said to have bought the stake. Apparently for 170p per share. Otto, the world's largest mid-order firm, could be interested in the Freeman's catalogue business bought by Sears last year, say dealers. However, several market-makers end analysts found it incredible that anyone would pay 170p for the Al Fayed stake. Yet with a break-up value for Sears of some £1.2bn, the 170p bid and 215p, others pointed out that 170p is not such a high price. The flames of speculation were fanned further by renewed rumours that the Government is poised to make a bid for Sears. One senior analyst pointed out that Sears is the sort of break-up stock Hanson loves. Sears even closed 7p at 129p. British Gas outpointed most stocks for volume, trading heavily after media coverage of a positive buy signal from County NatWest and the securities houses. It concludes a 22-page review of the group with, "British Gas continues to be rated as a utility with limited growth prospects. This ignores, we believe, the potential for returns from reinvestment of the group's cash flows, which are running at some £500m per annum." Purchased demands from institutional and private investors left the shares 4 higher at 169p after turnover of 12m.

LONDON TRADED OPTIONS

Table showing London Traded Options with columns for Call and Put options for various stocks like Allied Lyons, Biff. Airways, etc.

NEW HIGHS AND LOWS FOR 1988

Table showing New Highs and Lows for 1988 with columns for High and Low prices for various stocks.

TRADITIONAL OPTIONS

Table showing Traditional Options with columns for various option types and prices.

NEW HIGHS AND LOWS FOR 1988

Table showing New Highs and Lows for 1988 with columns for High and Low prices for various stocks.

NEW HIGHS AND LOWS FOR 1988

Table showing New Highs and Lows for 1988 with columns for High and Low prices for various stocks.

LONDON STOCK EXCHANGE Dealings

Handwritten note: July 30/88

Details of business done above have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. Details relate to those securities not included in the FT Share Information Services. Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Tailor-made system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings. For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is shown with the relevant date. Bargains at special prices. Bargains done the previous day. Bargain done with non-member or executed in overseas markets.

Corporation and County Stocks No. of bargains included 232. Greater London Council 200% Deb 2002 - 232 (22/7/88). London County Council 200% Deb 2002 - 232 (22/7/88). London County Council 200% Deb 2002 - 232 (22/7/88).

UK Public Boards No. of bargains included 232. Anglo-Continental 200% Deb 2002 - 232 (22/7/88). Anglo-Continental 200% Deb 2002 - 232 (22/7/88).

Foreign Stocks, Bonds, etc. (coupons payable in London) No. of bargains included 232. Anglo-Continental 200% Deb 2002 - 232 (22/7/88).

Registered Housing Associations No. of bargains included 232. Anglo-Continental 200% Deb 2002 - 232 (22/7/88).

Commercial, Industrial, etc No. of bargains included 232. Anglo-Continental 200% Deb 2002 - 232 (22/7/88).

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Bank and Discount Companies No. of bargains included 1214. Anglo-Continental 200% Deb 2002 - 232 (22/7/88).

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UK STOCK MARKET REPORT 0898 123001. FT Cityline UK Stock Market Report is compiled with all the expertise you'd expect from the Financial Times. Updated hourly throughout the day the report provides a general overview of the market and details of the major factors influencing trading. For direct access to the UK Stock Market Report dial 0898 123001. It's just one of 28 Financial Reports available from FT Cityline. To find out what other reports are available ring the Index to FT Cityline on 0898 123099 or, for an introduction to the complete service ring 0898 123456. All calls charged at 38p per minute (peak and standard rate) and 25p per minute (cheap rate), including VAT. Straight to the heart of the City.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Acton Management Ltd, and others, with columns for name, type, and dates.

Table listing unit trusts including Anderson Unit Trust, Anthony Weller Unit Trust, and others, with columns for name, type, and dates.

Table listing unit trusts including Brown Shipley & Co Ltd, British Equities, and others, with columns for name, type, and dates.

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I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0DD. Tel: 01-828 7233/5699. Reuters Code: 161N, 161O.

Table titled 'LEADERS AND LAGGARDS' showing percentage changes since December 31, 1967, based on Thursday July 28, 1968. Lists sectors like Property, Food, and Leisure.

Table titled 'RISES AND FALLS' showing percentage changes since December 31, 1967, based on Thursday July 28, 1968. Lists various unit trusts.

Table titled 'BANK RETURN' showing liabilities and assets for the banking department as of July 27, 1968.

TRINIDAD AND TOBAGO. The Financial Times proposes to publish this survey on Monday, 6th October, 1968.

COATINGS & PAINTS. The Financial Times proposes to publish this survey on Monday, 6th October, 1968.

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Handwritten note: "July 30 1988"

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

Main table listing various insurance and unit trust products, including company names, descriptions, and financial data. The table is organized into columns and rows, with sub-sections for different types of insurance and trusts.

OTHER UK UNIT TRUSTS

Table listing other UK unit trusts, including company names and brief descriptions of the trusts.

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Main table containing FT Unit Trust Information Service data, organized into columns for various fund categories and providers. Includes sections for 'MANAGEMENT SERVICES', 'OFFSHORE AND OVERSEAS', and 'UK LISTED'.

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LONDON SHARE SERVICE

Main table for LONDON SHARE SERVICE containing various stock listings, prices, and company names.

OTHER INVESTMENT FUNDS

Table listing other investment funds and their performance metrics.

FT UNIT TRUST INFORMATION SERVICE

Table for FT UNIT TRUST INFORMATION SERVICE, including sections for BRITISH FUNDS, FOREIGN BONDS & RAILS, AMERICANS, and various fund categories like INT. BANK AND O'SEAS GOVT. STERLING ISSUES.

Table for MONEY MARKET TRUST FUNDS and MONEY MARKET BANK ACCOUNTS, listing various financial products and their details.

Handwritten note: July 30/88

LONDON SHARE SERVICE

AMERICANS—Contd

Table listing American stocks including Transworld Corp, American Lighters, and others with columns for stock name, price, and change.

BUILDING, TIMBER, ROADS

Table listing building, timber, and roads stocks including British Road Builders, British Timber, and others.

ELECTRICALS

Table listing electrical stocks including British Electric, British Thomson-Houston, and others.

ENGINEERING—Contd

Table listing engineering stocks including British Leyland, British Motor, and others.

INDUSTRIALS (Misc.)—Contd

Table listing various industrial stocks including British Airways, British Overseas Airways, and others.

INDUSTRIALS (Misc.)—Contd

Table listing various industrial stocks including British Airways, British Overseas Airways, and others.

CANADIANS

Table listing Canadian stocks including Canadian National, Canadian Pacific, and others.

CHEMICALS, PLASTICS

Table listing chemical and plastic stocks including British Chemicals, British Plastics, and others.

DRAPERY AND STORES

Table listing drapery and stores stocks including British Drapery, British Stores, and others.

FOOD, GROCERIES, ETC

Table listing food and grocery stocks including British Food, British Groceries, and others.

HOTELS AND CATERERS

Table listing hotel and catering stocks including British Hotels, British Caterers, and others.

INSURANCES

Table listing insurance stocks including British Insurance, British Life, and others.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit stocks including British Beers, British Wines, and others.

ENGINEERING

Table listing engineering stocks including British Engineering, British Machinery, and others.

INDUSTRIALS (Misc.)

Table listing various industrial stocks including British Chemicals, British Plastics, and others.

INDUSTRIALS (Misc.)

Table listing various industrial stocks including British Chemicals, British Plastics, and others.

LEISURE

Table listing leisure stocks including British Leisure, British Entertainment, and others.

LEISURE

Table listing leisure stocks including British Leisure, British Entertainment, and others.

BANKS, HP & LEASING

Table listing bank, HP, and leasing stocks including British Banks, British HP, and others.

BUILDING, TIMBER, ROADS

Table listing building, timber, and roads stocks including British Road Builders, British Timber, and others.

ENGINEERING

Table listing engineering stocks including British Engineering, British Machinery, and others.

INDUSTRIALS (Misc.)

Table listing various industrial stocks including British Chemicals, British Plastics, and others.

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Handwritten note: July 30/88

LONDON SHARE SERVICE

LEISURE - Contd

Table of share prices for Leisure sector including companies like Leisure Group, Leisure World, etc.

PAPER, PRINTING, ADVERTISING - Contd

Table of share prices for Paper, Printing, Advertising sector including companies like Newsprint, etc.

TEXTILES - Contd

Table of share prices for Textiles sector including companies like Textiles, etc.

TRUSTS, FINANCE, LAND - Contd

Table of share prices for Trusts, Finance, Land sector including companies like Investment Trusts, etc.

OIL AND GAS - Contd

Table of share prices for Oil and Gas sector including companies like Overseas Traders, etc.

MINES - Contd

Table of share prices for Mines sector including companies like Manganese, etc.

MOTOR VEHICLES

Table of share prices for Motor Vehicles sector including companies like Rover, etc.

COMMERCIAL VEHICLES

Table of share prices for Commercial Vehicles sector including companies like Leyland, etc.

NEWSPAPERS, PUBLISHERS

Table of share prices for Newspapers, Publishers sector including companies like Newsprint, etc.

PAPER, PRINTING, ADVERTISING

Table of share prices for Paper, Printing, Advertising sector including companies like Newsprint, etc.

SHOES AND LEATHER

Table of share prices for Shoes and Leather sector including companies like Footwear, etc.

SOUTH AFRICANS

Table of share prices for South Africans sector including companies like Anglo, etc.

TEXTILES

Table of share prices for Textiles sector including companies like Textiles, etc.

PROPERTY

Table of share prices for Property sector including companies like Property, etc.

TOBACCO

Table of share prices for Tobacco sector including companies like Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, Land sector including companies like Investment Trusts, etc.

FINANCE, LAND, ETC

Table of share prices for Finance, Land, Etc sector including companies like Finance, etc.

PLANTATIONS

Table of share prices for Plantations sector including companies like Plantations, etc.

MINES

Table of share prices for Mines sector including companies like Manganese, etc.

OIL AND GAS

Table of share prices for Oil and Gas sector including companies like Overseas Traders, etc.

OVERSEAS TRADERS

Table of share prices for Overseas Traders sector including companies like Overseas Traders, etc.

PLANTATIONS

Table of share prices for Plantations sector including companies like Plantations, etc.

MINES

Table of share prices for Mines sector including companies like Manganese, etc.

OIL AND GAS

Table of share prices for Oil and Gas sector including companies like Overseas Traders, etc.

MISCELLANEOUS

Table of share prices for Miscellaneous sector including companies like Manganese, etc.

THIRD MARKET

Table of share prices for Third Market sector including companies like Manganese, etc.

NOTES

Stock Exchange dealing classifications are indicated to the right of security names...

REGIONAL & IRISH STOCKS

Table of share prices for Regional & Irish Stocks including companies like Anglo, etc.

TRADITIONAL OPTIONS

Table of share prices for Traditional Options including companies like Manganese, etc.

INDUSTRIALS

Table of share prices for Industrials sector including companies like Manganese, etc.

PROPERTY

Table of share prices for Property sector including companies like Property, etc.

A selection of options traded is given in the London Stock Exchange Report page...



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FINANCIAL TIMES

Weekend July 30/July 31 1988

Glamour gives Japanese scooters a head start

By Stefan Wagstyl in Tokyo

THE SCOOTER, favourite of London Mods, Italian teenagers and Tokyo office workers, is enjoying a new lease of life in Japan. After years of stagnation, scooter sales have soared 45 per cent in the first six months of this year, thanks to some clever thinking which has added a touch of glamour to the most humble of two-wheeled transport.

The surge in sales dates back to the summer of 1986, when a law came into force requiring all scooter riders to wear crash helmets. Sales slumped because the ability to ride without a helmet had been one of the main attractions of buying a scooter.

However, the motorcycle companies which have been fighting against falling sales in the industry for most of the 1980s, did not give up. Being Japanese, they could not seek workers so instead they began to think about ways of reviving the market. They discovered that apart from bating riding with an expensive box on their heads, scooter owners objected to the fact that when their seats were not striding their machines they had to carry the helmet with them - or risk having it stolen.

So engineers redesigned the scooter seat to turn it into a compartment for storing the helmet and a new model was born. Yamaha claims to have been first, launching the new-style scooter in 1985. But that was before the law changed.

The company which has since then taken the market by storm is Honda, which put its Metin model on the market in January last year. Honda, Japan's fastest-growing motor company in cars as well as motorcycles, turned the need for a helmet compartment to its advantage. It decided to refashion the whole body and thus make it wider. As a result it could attach enough flashy lights and mirrors to make a Mod green with envy.

"We gave it a fashion image," says Mr Kazuya Miyagawa, a general manager in Honda's motorcycles operation. "Like all fashion products it started selling well in the big cities - Tokyo and Osaka - and then spread out."

Students figure prominently among scooter buyers, followed by housewives and commuters, according to Honda. The high cost of parking in Tokyo means that many families which would otherwise buy a second car buy a scooter instead. Also, crippling expensive compulsory road-worthiness tests, mean that old bangers of the type beloved by students in Britain, such as ancient Minis and Ford Escorts, are hardly seen on the roads of Japan.

Honda is considering launching Metin models overseas. But it may well decide that their success at home owes too much to influences which are uniquely Japanese. So Mods who want one will have to import their own.

UN chief unruffled after setback in ceasefire talks

By Our United Nations Correspondent in New York and Andrew Gowers in London

MR JAVIER PEREZ de Cuellar, the United Nations Secretary General, yesterday sought to dispel suggestions that his talks with the Iraqi and Iranian foreign ministers about a Gulf ceasefire had met serious difficulties.

Speaking at the end of a week which has seen increasingly delicate negotiations at the UN and intensified fighting inside Iran, Mr Perez de Cuellar said he was "very, very pleased" with the talks so far. "I think things are moving, and moving in the right direction," he told reporters before resuming discussions with Mr Ali Akbar Velayati, the Iranian Foreign Minister.

However, stalling by Iraq has clearly slowed the momentum of the negotiations. The secretary general, who on Wednesday received what he described as a helpful Iranian response to his proposals for implementing a ceasefire, confirmed that he was still awaiting an Iraqi reply. No meetings were scheduled yesterday with Mr Tariq Aziz, Iraq's Foreign Minister.

Mr Aziz, anxious to ensure that the peace moves lead to negotiations on a comprehensive settlement, has consistently demanded direct talks with Mr Velayati before any agreement on a ceasefire. The Iraqis, however, insist that direct talks can occur only once a ceasefire is in place.

Mr Perez de Cuellar said he was "trying to find new ideas" which would circumvent this problem. Despite Iranian accusations of sabotage, western diplomats still suspect that Baghdad's hard line reflects a desire to extract maximum concessions rather than to torpedo the talks. The UN team of military experts which is working out truce details arrived in Baghdad last night after spending three days in Tehran. The team should be in New York to deliver its report next Tuesday. The secretary general hopes to be able to announce a ceasefire date once he has studied the team's findings.

Another report, by a UN team investigating charges by each side that the other has recently used chemical weapons, is expected early next week. Like earlier reports on the same subject, it is expected to contain much distressing evidence of the effects of mustard gas on civilian victims. It is understood that Iraq is likely to be shown as the principal, if not the sole, culprit.

Millan joins Brittan as member of European Commission

By Peter Riddell, Political Editor

MR BRUCE Millan, a former Labour Scottish Secretary, will take over next January as a British nominated member of the European Commission.

The choice of Mr Millan by the Prime Minister is on the recommendation of Mr Neil Kinnock, the opposition leader. This follows discussions earlier in the week when Mrs Thatcher turned down a Labour request to reappoint Mr Stanley Clinton Davis.

Mr Leon Brittan, the former Trade and Industry Secretary, was named a week ago to succeed Lord Cockfield. Both commissioners, whose portfolios may not be determined until January, will serve for four years.

Mr Millan's appointment will be widely welcomed on both sides of the Commons since he has a high reputation among MPs and considerable experience, having served as a minister throughout both the 1964-70 and 1974-79 Labour governments. The nominations of Mr Millan and Mr Brittan will result in two by-elections. The exact dates depend on when they resign their seats in the Commons and the contests could be delayed until next spring.

Mr Millan, who has been an MP since 1969, held his Glasgow Govan seat with a majority of 19,500 at the 1987 general election, almost exactly the same as Mr Brittan had at Richmond in Yorkshire. Both won over 60 per cent of the total vote.

The appointment of Mr Millan preserves the practice that one of the two British nominees is a Tory and the other Labour. There was relief on the Labour side that the row over the nomination had been resolved quickly, and to their satisfaction. Mr Millan, who was an opponent of British membership of the European Community in the 1970s, said yesterday that, in line with mainstream Labour thinking, his view had now changed to accepting there was no realistic prospect of withdrawal. He stressed his interest in trying to get prosperity and social justice for everyone in the community.

Mr Kinnock said that Mr Millan's experience and commitment ensured that he was "outstandingly placed to make the argument for the community to espouse the policies of economic growth and social justice which are so necessary."

AGB abandons move into US television

By Philip Rawstone

AGB, Britain's leading market research company, yesterday abandoned its attempt to break A. C. Nielsen's domination of the \$80m-a-year US television audience measurement business, after losing \$45m in its first 12 months in the market.

AGB gained support from one of the leading US television networks, CBS, which gave the British group a contract last year after a successful test-run of its PeopleMeter system in Boston. However, the company failed to win vital contracts from the other two majors, NBC and ABC, against fierce competition from Nielsen. The CBS contract has not been renewed.

AGB's board said it had decided, in the circumstances, that "the prospects of future revenue would not make the project viable and would be unlikely to cover the increased level of costs." Suspension of its US service will result in a net cash outflow of \$25m, including payments of some \$19m to its partners in the venture.

However, in two deals which won some admiration in the City yesterday, AGB plans to raise around \$40m to offset against its losses. First, it is acquiring a US market research company, MRL, from Mr Clive Hollick's financial and advertising group, MAI, which helped fund the US television venture, for 14m new AGB ordinary shares and 10.7m new AGB convertible preference shares. MRL will bring into AGB surplus cash of \$17.5m.

The deal, which values MRL at about \$20m, will increase MAI's shareholding in AGB to about 30 per cent. Mr Hollick will become deputy chairman of AGB, and Nicholas Cosh, MAI's finance director, and Timothy Joyce, chairman of MRL, will also join the board. Sir Bernard Audley will remain chairman, and Mr John Napier, AGB's chief executive, will become managing director of the enlarged group.

AGB also announced that it is to sell its Trenton exhibition business, and publishing subsidiary, AGB Highway, to Emap, the publishing and communications group, for \$22m. Sir Bernard said yesterday: "We are naturally disappointed to have to suspend the audience measurement service in the US, particularly as the quality of service offered and the technology used set new standards for the industry."

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Singapore proposes to give wide powers to new president

By Roger Matthews in Singapore

SINGAPORE IS to have a directly elected president with wide-ranging powers to block both the spending of the country's reserves and the appointment of top officials to the main statutory boards. A white paper laid before parliament yesterday proposes the most radical constitutional changes since full independence in 1965.

These include a six-year term for the elected president, who will select a vice-presidential candidate. Parliament, modelled on the Westminster system, has five-year terms. The president will not have executive powers and will not be able to initiate legislation. At the moment the job is purely ceremonial.

The idea of an elected president has been mooted for some time since Mr Lee Kuan Yew, the Prime Minister since independence, began thinking about retirement, which he has said could come any time after his 65th birthday in September. It has been widely assumed that Mr Lee would himself wish to become president, which may reflect some residual lack of confidence in the younger generation of political leaders he has groomed.

In past weeks Mr Lee has sought to dampen speculation that he wishes to hand power directly to his son, Brigadier General Lee Hsien Loong, the Minister of Trade and Industry. Instead, there has been repeated emphasis that Mr Goh Chok Tong, the First Deputy Prime Minister, is the choice of his younger colleagues, including Brig Gen Lee.

However, officials close to the Prime Minister have also expressed concern that Mr Lee would not relinquish the ceremonial aspects of the presidency and the post would leave him too little to do. Much may therefore depend on the general election likely to be held by the end of this year. Despite winning all but two of the parliamentary seats in the 1984 election, the ruling People's Action Party suffered a 12 per cent fall in popular support.

Parliament recently approved another significant change to the constitution, whereby up to half the MPs are to be elected in groups of three. One member of each group has to belong to a racial minority.

Nair, a former President, could further have dented the government's popularity, especially among the younger voters. Another lacklustre electoral performance could in turn affect Mr Goh's chances of becoming Prime Minister.

Mr Lee has said he will lead his party into the election, but the implementation of an elected presidency could be left for some months or even years after that. Mr Goh, introducing the white paper yesterday, described an elected presidency as "custodial", with the prime minister and government holding the key and the president the other.

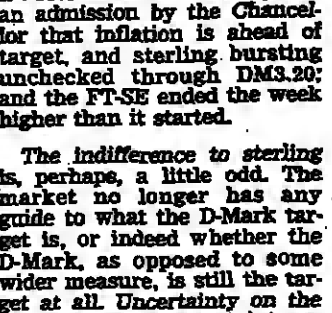
If the prime minister felt that the president was unreasonably withholding his approval, he would be free to campaign publicly and as a last resort seek a referendum to amend the president's powers.

Equities getting away from it all

THE LEX COLUMN

FT Index rose 8.0 to 1488.7

Lloyds Bank



done it. No one in the City, and few outside it, would be daft enough to jeopardise their own income by challenging the principle of a bonus. But where the payment appears to be linked less to explicit performance criteria, and more to the costs of furnishing a retirement cottage, shareholders are right to dispute it. Britain may now be in the big league in terms of directors' pay, and need to compete to stay there; but one can be forgiven for hoping that valuing chairman does not go the way of valuing brands.

With almost no economic data due from either side of the Atlantic for the next fortnight - and precious few company results either - there seems no immediate reason for the market to change its sanguine view. The official line presumably is that time should be allowed for the latest rise in mortgage rates to work before any decision is taken on further tightening. Come the autumn, it is quite possible that another turn of the screw will be called for, but in present mood, the market could see that as a good thing.

Rothmans

As Rothmans put it yesterday, Sir Robert Crichton-Brown no doubt made considerable sacrifices when he quit his native land to move to Britain three years ago for £750,000 to set up a cigarette company, and this particular justification for Sir Robert's ex-gratia award provoked even less sympathy from minority shareholders yesterday than the idea of paying him £250 for every 1p rise in the share price since he took over.

To judge from the institutions' reaction, though, a calculator is of less use in judging the Rothmans decision than a healthy sense of moral outrage. The question is not whether Rothmans has exceeded the going rate for the chairman's time, but rather whether he is being paid once for doing the job, and then again for having

troubled Latin American borrowers, it is hard to quibble with an after-tax return on equity of 22.7 per cent, a stable cost/income ratio and a level of retentions which is only 5.6m less than Barclays - a bank twice its size.

Lloyds has been remarkably successful in managing its balance sheet to maximise its profitability. But there is a limit to how far it can go in swapping low yielding international assets for more profitable UK business, and in co-operation with the rest of the bank, it is facing a marked slowdown in its domestic profits. The current half should be helped by a hefty chunk of Brazilian interest, which could push full year profits to close to £1bn. However, any concerns about a slowdown in next year's earnings should be offset by a prospective multiple of 4 - the lowest of all the clearers - and a near 7 per cent yield.

Beazer

it is much to be hoped that the collapse of the deal to sell Koppers' chemical business means as little as Beazer thinks it does. The chairman, irrefragable as ever, claims it opens the possibility of an even more rewarding sale on purely commercial terms. The worry is that the deal seems to have become too expensive for the management team's backers, Sterling, who are the acknowledged experts in US chemical buy-outs. And with the terms of the junk bonds for the whole Koppers deal apparently not yet settled - to say nothing of the risk of higher US interest rates - Beazer must be under considerable pressure to get the business, together with its troublesome environmental liabilities, out of the way.

Yesterday's 4 per cent fall in Beazer's share price, to 184p, is scarcely surprising. Indeed, the fall might have been greater were the share not so weak already. The market has every respect for Beazer and its chairman, but is unimpressed by the scale of his ambitions. The risk inherent in the group's US strategy is compounded by the method of financing, and it will all either go wonderfully right or horribly wrong. In a week which saw Revco in the US collapse under the weight of its own gearing, it does not help to hear of any part of the Koppers' master-plan falling behind schedule.

Lloyds Bank

However hard the UK clearing banks try to differentiate themselves from each other, this week's batch of interim results has only reinforced the belief that the increasingly detailed analysis of UK bank profits is hardly worth the candle. Bank managements have plenty of scope for fudging their figures, and the fact that Barclays has set its heart on making bigger pre-tax profits than NatWest is of less relevance to investors than the long-term growth of the dividend payout. On this crude measure, Lloyds Bank, which has increased its dividend by an average 17 per cent per annum throughout the Third World debt crisis, once again emerges the clear winner.

A 20 per cent rise in its interim payment, compared with a 10 per cent rise from Midland, underlines its admirable objective of enhancing shareholder value rather than the size of its balance sheet. And whilst there remain understandable concerns about the group's heavy exposure to

CHIEF LONDON PRICE CHANGES YESTERDAY

Table with columns for RISES and FALLS, listing various commodities and their price changes. Includes items like Admiralty Comp., Alkermas, Amersham Intl., etc.

WORLDWIDE WEATHER

Table showing weather forecasts for various cities worldwide, including London, New York, Tokyo, etc. Columns include city, date, and weather conditions.

Poll tax

that to permit the privatisation of British Steel, a wide-ranging criminal justice measure covering extradition, help for victims and tougher penalties for violent crime, and a reform of the legal aid system.

In addition, the Finance (Number 2) Act puts into law the reduction in higher rates of income tax to 40 per cent and a series of cuts in other taxes.

Various backbenchers' bills also became law yesterday, including those to extend public access to information in community health councils, medical reports and environmental safety, and to change the law on the sale of alcohol.

Earlier this session, parliament approved proposals to build the Channel Tunnel and the Dartford-Turlock crossing, to change trade union law in favour of individual members, to tighten controls on immigration and to liberalise licensing hours.

Rothmans

He declared: "I believe City institutions which support this sort of transaction are setting the City off on a slippery slope that they could ultimately regret."

He suggested that the two largest shareholders should fund the payment. Mr Montagu replied that "anything is possible but this has not been considered."

Another shareholder, who declined to give his name, said the payment was "astonishingly ill-judged." He predicted that there would be a backlash if other companies repeated the practice.

Representatives of institutional shareholders, including Prudential Assurance and Standard Life Assurance, which cast proxy votes against the payment, did not speak at the meeting.

However, Sir John Hoskins, director-general of the Institute of Directors, released a statement saying that large retirement payments were giving business a bad name.

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Table showing annual net income and value of original investment for the Gartmore Income Fund from Year 1 to Year 10. Total Net Income Paid is £636.97.

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Weekend FT

Section II

Saturday July 30 and Sunday July 31

The reluctant revolution

Perestroika is now reaching the furthest corners of the Soviet Union. Are things really changing, or does bureaucracy and secrecy still have the upper hand, asks Quentin Peel

THE TRIM grey shape of a Soviet missile frigate, bristling with radar dishes, looked thoroughly incongruous tied up at the dock where they normally load timber and wood chips from the forests of Siberia.

They had brought it up to Vostochny port from Vladivostok, a round trip of well over 100 nautical miles. Just to prove a point about new-found Soviet glasnost: that what used to be closed is now open. The captain and his officers lined up in their neat yellow shirts and black trousers at the bottom of the gangway, all set to show a bunch of foreign journalists round their ship.

They spent out its dimensions from stem to stern, its armaments and its equipment, from anti-aircraft missiles to torpedo tubes and rocket-bomb launchers. They took us to the captain's cabin and the crew's quarters, the bookshelves bearing only works of Marxist-Leninism. The posters already extolling the achievements of the 19th Communist Party conference.

It took the edge off it slightly when one of the officers whispered that we could check all the figures by reading *Jane's Fighting Ships*. But it was still a brave effort of openness in a secretive world.

And yet the whole exercise only really served to underline how much is still closed in this furthest outpost of the Soviet empire: the city of Vladivostok, capital of the Soviet far east, naval base and the nation's window on the Pacific, is still barred to the outside world. As for the region itself, it is classified as a "border zone" even Soviet citizens need special permission to visit it.

The east is the Soviet Union's toehold on the Pacific Rim, only a short hop from Hokkaido and the rest of Japan, bordering both China and North Korea. It is a region of hopes for the future, for a chance of joining the explosion of economic activity in south-east Asia. Vast and thinly populated, with grim but bearable winters, and a wealth of natural resources, it can boast enormous unexploited potential. And yet it is still more closed than open.

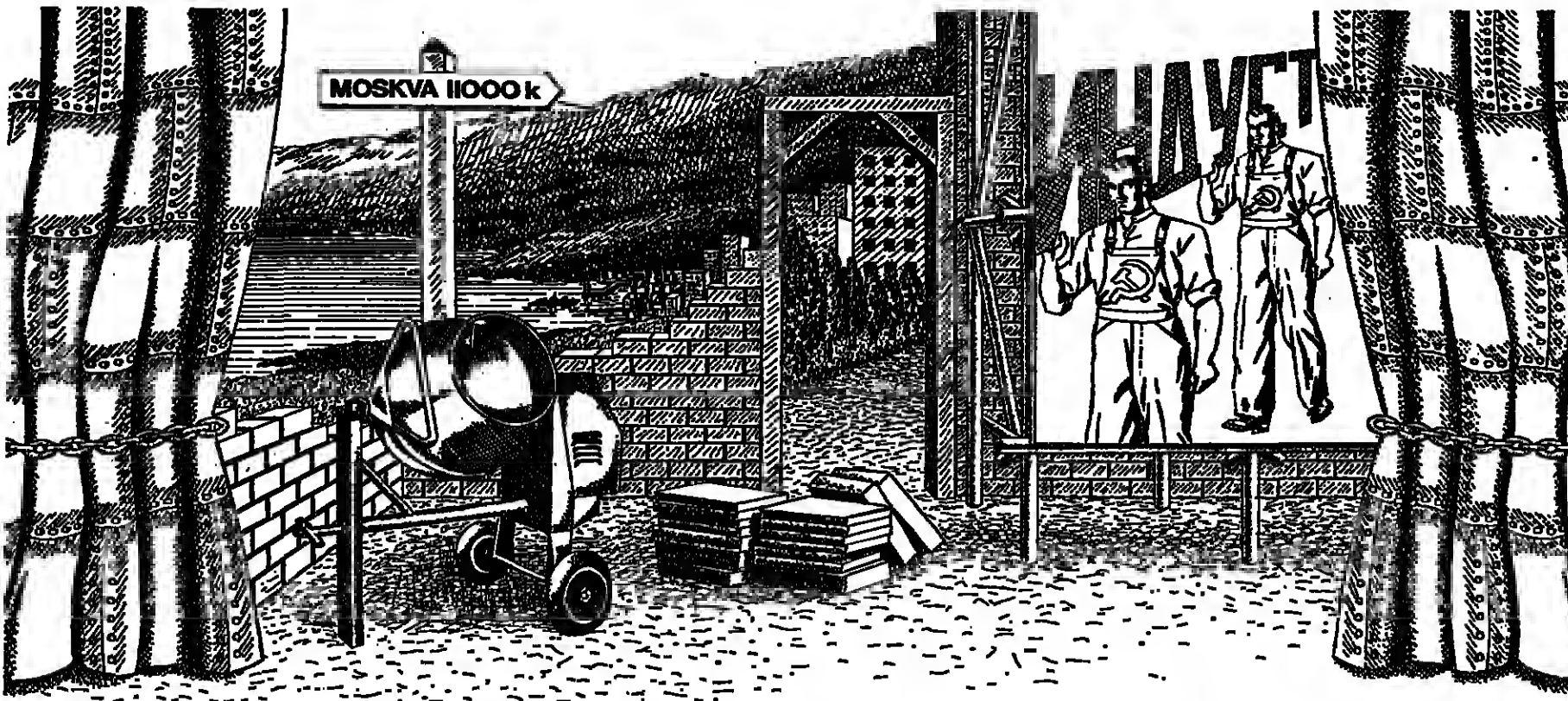
So what chance is there for perestroika at the periphery - for Mikhail Gorbachev's ambitious plans for restructuring the entire Soviet economy to galvanise this area, where the awful burden of bureaucracy and central planning may have penetrated least far?

"We had our perestroika long ago," came the smug response from Viktor Gnezilov, city boss of Nakhodka, the neighbouring port to Vladivostok, where foreigners can really visit. He seemed the epitome of modern Soviet man, a natty dresser, smooth talker, statistics on the tip of his tongue, and all the latest slogans on perestroika and democracy readily available. Yet the very nature of his answer suggests that the truth is different.

The only way to get there is a gruelling journey by plane and train: almost nine hours in the plane from Moscow to the city of Khabarovsk, then another 17 hours on the train to the port of Nakhodka. There's a helpful sign on the station platform, which says "1,000 kilometres to Moscow," to remind you of what you have just been through.

They talk scathingly about things "in the west" in Nakhodka, and for once they mean the capitalist world they mean Moscow. Yet the things they say about the region is just how Russian it is - and European Russian to boot.

In spite of the closeness of truly Oriental Asia, there is barely a sign of it in the Soviet far east. True, there are consulates for both Japan and North Korea in Nakhodka, and there is even a plan for a Japanese joint venture restaurant to open in the town. But it isn't there yet. The



Soviet authorities have been trying for years to open up the region, but always from far away in Moscow, urging the best and brightest of Communist youth to head for the east, the new frontier. The aircraft are certainly full of them: young families lured by the promise of high salaries - they qualify for a far east premium adding 30 or even 40 per cent to the average Soviet pay packet. In Nakhodka, the average age of the population is only 29, while the proportion of people in full-time employment is said to be the highest in the Soviet Union.

"It looks like the discovery of America," Gnezilov says. "The same is true of the far east for us; only the best people are coming here."

Yet real development took a long time coming, and even now it is proving stubbornly sluggish to respond to the stimuli and exhortations of Soviet planners. Back before the revolution, the tsars never really tried to open up the region. It was enough to exploit the natural resources - mainly gold and furs - and use it as the banishing place for political dissidents.

Nakhodka, a huge natural harbour whose name means "lucky find," was discovered in 1859 by a tsarist governor of eastern Siberia, on a ship called America, inappropriately enough. By 1926, there were still only 300 inhabitants. It was 1950 before the town received its charter, with a population of just 30,000. Today there are more than 150,000, and that figure is expected to reach 250,000 by the year 2010.

Yet business remains overwhelmingly dependent on the fishing industry and the

export of natural resources - minerals, timber and fish itself - and a certain amount of transit traffic destined for the Trans-Siberia Railway.

Ambitious plans drawn up in Moscow for the region have been consistently under-fulfilled. Between 1970 and 1985 - the "years of stagnation" under the rule of Leonid Brezhnev, according to the jargon of today - growth rates actually fell behind the national average, dropping from 7 per cent a year to under 4 per cent. (It one is to believe highly questionable official statistics, least their direction may be right, even if their absolute size is often inflated by the desire to meet the plan targets.) Electricity generation in the Primorsky region - including both Nakhodka and Vladivostok - and neighbouring Sakhalin Island actually fell in the early 1980s.

A damning assessment of the region's stagnating growth has just been produced by Yuri Skorokhodov, deputy chief of territorial planning in the state planning committee of the Russian Federation. He presents a picture of ill-coordinated development and largely wasteful exploitation of the region's natural resources. "Even at the region's best mines, approximately 45 per cent of tin remains unextracted and ends up in dump heaps," he said. "Only 15 per cent of timber felled in the region is fully processed."

There are long housing waiting lists all over the region, with the state building contractors proving hopelessly inadequate

to the task of keeping up with a growing population. It was the fact that the Communist Party leader on the island of Sakhalin helped a relation to jump the housing queue which sparked a popular revolt in May, and forced him to resign.

In Nakhodka, according to local journalists, there is a waiting list of 14,000 - or nearly 8 per cent. Moreover housing costs are said to be six times the national average, because virtually all the building materials have to be imported from the west. As for the Nakhodka sewerage system, it has been under construction since 1969 and is still unfinished, according to Skorokhodov. In the town's secondary schools, children are attending in two and sometimes three shifts, because there are not enough classrooms or teachers to accommodate them.

Behind all that is a huge turnover in the migrating population: they may be coming, and they may be young, but 85 per cent of them fail to settle in the region, not least because of the lack of decent housing and social amenities.

The reaction of the local Communist Party hierarchy to such criticism tends to be defensive, if not downright smug. Victor Chernishov is secretary for propaganda of the regional party. "I don't agree that economic development of the region is slow," he says. "It may be true that the capitalist countries of the Pacific Rim are developing faster - but the Soviet far east is still doing better than the rest of the

USSR. As for social conditions: "It isn't only a question of social convenience here. We are not so poor as it might seem," and then he launches into a stream of statistics on housing space per capita, consumption of meat, or milk, or fish, medical facilities and the like, as if the Soviet far east was trying to prove itself eligible for a World Bank loan.

Then he admits that it was only when Mikhail Gorbachev came to Vladivostok almost two years ago to the day that something started happening. Even then the main result was just another mega-plan, promising megatons until the year 2000, with more of everything to be produced: more coal, oil and gas, more timber cut, more power generated. It is exactly the sort of extensive planning by quantity not quality that the economists in Moscow now bewail.

Underneath the party dignitaries, however, who seem sorely in need of the sort of political perestroika Gorbachev was talking about at the 19th party conference, there is a new generation of angry and energetic young people. They are critical, and they do seem to be doing something about it.

"I get particularly annoyed when I hear an announcer on central television say: 'Just imagine, even in Nakhodka they've hit upon the idea of setting up co-operatives,'" says Tatyana Usova, a party activist who started her career as a komсомол (youth league) organiser on the Baikal-Amur main line railway being built through

the permafrost zone. "They always say, 'even in the far east... I would say: since you've taken all our fish from us, and everything else that we have - which is understandable - then at least give us something in return, be it money or highly skilled labour. The Japanese are begging us to give them fish, but we can't do so, because we have none left."

As many as 100 co-operatives have been set up in the town, according to Alexander Kotikov, another of the new generation, and business appears to be booming. One co-operative sells flowers and undercuts the prices of the state supplier - so much so that the latter complained to the city council. So did the black market flower sellers - Georgians, Armenians and others. "It very nearly came to blows," said Leonid Vinogradov, the local Tass news agency correspondent. "The co-op was selling flowers from Ra3 to Ra5, whereas the western sellers started at Ra5. There was competition, and the prices came down."

However, the co-operative sector remains a small beer in overall economic activity. What could provide more dramatic stimulus would be foreign investment. But even there, the inclination to be a closed economy - looking to the Soviet west and not the capitalist east for cash - seems deeply ingrained.

Alexander Kotikov is looking for joint ventures to come to a special economic zone on the edge of town - a plan currently before the council of ministers - but his ambitions are decidedly modest. He wants bio-technology or marine-related projects, or businesses which are ecologically clean, which he thinks means tourism or recreation. But Nakhodka is a long way from tourism now. They don't have a single postcard of the town for sale.

The young people know that economic development will not come as long as the region remains closed: whether it be Vladivostok because of the military, or the rest of the region because of the border guards (who come under the KGB). They tell stories about fishermen who cannot visit their families in Nakhodka without the special permit to enter a border zone.

By all accounts, Vladivostok will soon be open. Chernishov says it already is, to some extent. Japanese businessmen have been there. So has Pierre Trudeau, the former Canadian Prime Minister. Then at least travel should become a little easier in and out of the region.

But foreign investment will still depend on good infrastructure, and an obvious market. At the moment, the Soviet far east is a bit short of both. So far the interest of the outside world is still in the region's raw materials. At Vostochny port, next to Nakhodka, a huge modern coal-handling complex was installed entirely by Japan's Mitsui, to export high-quality coal to the Japanese steel industry. Up on the hillside above the terminal is a huge slogan, so beloved in the Soviet Union. "Our motto: intensive technology," it reads. Someone ought to add: "thanks to Mitsui."

To any visitor from the West (Moscow or further afield), it seems glaringly obvious that the only way the Soviet far east is going to take off, is by looking east, not west. The lines of communication to Moscow are far too extended, and unreliable. The young Russian settlers are enthusiastic but fickle. The only real market for the region is to the east, and that is also the most likely source of desperately needed investment.

What is much more questionable is whether the Soviet authorities, either in Moscow or Vladivostok, are really ready to open up to the east in more than a token way. Until they do, there seems little chance of catching the Pacific express.

The Long View

Feelings that are no longer mutual

DEMUTUALISATION is a very long word and one which doesn't fit into catchy headlines. All the same, it is a subject which is springing energetically out of the dustier actuarial files.

I am not thinking just of Abbey National, the building society which has apparently volunteered itself as a lonely test case for conversion into a plc, to the fury of a small but vocal proportion of its membership. There is also the possibility that at least one mutual life assurance company will also propose demutualisation within the next few months.

Mutual ownership has been an extremely successful form of corporate structure in two particular sectors of the financial services industry over the past century, and especially within the past 20 years. The building societies have taken a very large share of the interest-bearing retail deposit market in the UK, and have been able to build a correspondingly powerful position as house mortgage lenders. And the mutual life offices include some of the biggest and most influential life assurance companies in the country.

The advantage of the mutual structure is of course, that there are no outside shareholders to be remunerated. This ought to mean that members can get a slightly better deal than customers of a joint stock company. There is a disadvantage too, however, in that a mutual company has only limited access to outside capital, through temporary borrowing. It can therefore only expand or

diversify to the extent that surpluses can be generated internally - and the use of such surpluses for corporate purposes immediately creates a conflict of interest between different classes or generations of members.

It follows that although a mutual structure is a comfortable one in a period of slow growth and rigidity, it is distinctly uncomfortable when market conditions are changing rapidly. We see this in the use of tax relief used to define precise operational boundaries for the life offices, but they are now being drawn out into running unit trusts and buying chains of estate agencies.

In the past the drift has been towards demutualisation, through an offer to shareholders out of policyholders' funds. The most recent example was that of Scottish Life in 1987, to pre-empt an outside bid for its shares. But that turned out to be something of a watershed. The next year the Life Association of Scotland also tried to remain independent through the same route but could only fix a demutualisation price of £7.25. In the event, £10.25 was paid by Nationale-Nederlanden, which still owns LAS.

Now, there are strong rumours in Scotland that at least one life office is seriously



It is not only the building societies who are beginning to find mutual ownership inconvenient as competition intensifies in the financial services

considering demutualisation. This would involve policyholders selling a share of future profits, either to a single bidder or to a large number of shareholders through a market flotation.

Such a step might conceivably be proposed for radically different reasons of weakness

or strength. There are many small mutual offices in the UK which cannot really cope with the intensifying competition. Some might see demutualisation and takeover by a joint stock financial group as preferable to being absorbed by a big mutual (as proposed for London Life). But the other parallel is with Abbey National: some successful life office managements may feel cramped, and the capital raised through demutualisation would enable a business to be developed much more rapidly for instance in relation to post-1992 opportunities in Continental Europe.

As with Abbey National, some fierce arguments could be expected to develop, with an important gap appearing between the interests of members and the management. After all, there are still some significant, if diminishing, differences in the way that mutual and joint stock companies behave.

Thus building societies have been able to run their consumer deposit taking and lending operations on narrower margins than the banks, which have been tempted to cross-subsidise their international lending and securities interests. Moreover building societies have been inclined to help smaller, younger borrowers whereas when the bank expanded in mortgage lending in the early 1980s they headed straight for the big, wealthy borrowers who offered the prospect of the greatest profits.

Mutual life assurance companies have tended to sell

through the network of independent advisers and have usually taken seriously their obligation to offer sound long-term value to policyholder-members. Proprietary offices have increasingly focused on direct competition, and in any case narrowed the differences between mutual and joint stock financial services enterprises. The old building society mortgage rate cartel has long since broken down. Greater disclosure in the field of life assurance, and the introduction of new regulations such as the "best advice" criteria for intermediaries, is causing joint stock offices to beef up their investment divisions and cut out some of the perks and over-riders being provided to agents (though the remuneration of direct sales forces is little affected as yet).

Change is in the air. Mutual companies are being forced to look at themselves anew. The balance of advantage between mutuals and shareholder-owned competitors may have shifted slightly in favour of the latter. But I am sure there will always be room for both.

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UK MARKETS

LONDON

Last gasp of news before the dog days

WITH INTERIM results from the big four clearing banks and the UK's largest non-oil industrial company, Imperial Chemical Industries, this week provided the last gasp of hard corporate news before the dog days of August. But the market found it hard to focus on these figures, once so closely watched as an indicator of the country's financial and industrial health.

In part, this illustrates a current pre-occupation with macro-economic themes and international trends - even the big players, after all, do not write the rules or prepare the pitch. However, it also reflected the fact that results were largely in line with forecasts - good news for a market which is rarely pleased with surprises.

For whatever reason, the market's attention was elsewhere. A red circle had long been drawn around Wednesday - publication day for June's UK trade figures. As it approached, the market braced for a jolt, and anticipatory jitter took the FT-SE 100 as low as 1,225 at one point. In the event, the 11th current account deficit was sufficiently within expectations to allay the worst fears, although doing little to banish longer term concerns about the UK's trade position.

Moreover, even as the UK trade figures were being digested, *deus ex Washington* came in the form of US statistics indicating slower growth and higher inflation. Attention shifted across the Atlantic, and from sterling to the dollar, and

London emerged from what started out as a frantic day with a 3.1-point rise on the FT-SE 100, and the pound gained nearly two cents.

Apart from Wednesday's bout of nerves, the market traded within a narrow range, with only seven points separating Footsie's highest and lowest closes for the first four days. But beneath that placid surface, there was excitement enough.

As a bolt from the blue, the Government's sudden redemption of its "golden share" in Amersham International, the health care and medical products group and privatisation pioneer, took some beating. With the company now at least conceivably susceptible to takeover - although hardly wide open because of other protection within its articles - Amersham shares gained 25p to 470p on Wednesday in the short trading time available after Cecil Parkinson, Energy Secretary, made his Commons announcement. They jumped another 15p on Thursday, and by Friday afternoon, the market was valuing Amersham at £295m.

The 60,000 owners of another sort of privatisation share - Rover Group - saw an even larger percentage rise in the value of their holdings this week, but proclaimed themselves less satisfied than their Amersham counterparts. British Aerospace, which is buying Rover from the Government for £150m, equivalent to 2.7p a share, put a 100p offer to the car group's dogged 0.3 per cent minority. On paper, this was

equal to what they could have had at nationalisation 13 years ago, although today's pound has one-third of the spending power. BAE and its advisers said the offer was as generous as could be justified; leaders of the rump condemned it as "mean and disgraceful."

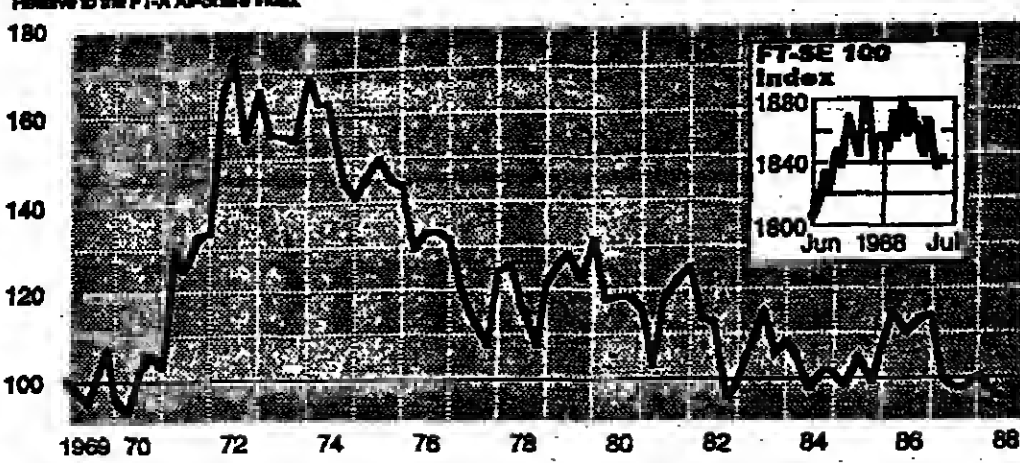
The words were more polite, and the minority is larger, but Rascal faced a similar tempest as it split out the details of the planned flotation of its telecommunications group, which includes the Vodafone mobile telephone network. The electronics group's shareholders will get preferential rights over 75 per cent of the shares to be sold; of the rest, most would be offered outside the UK, mostly in the US. Of the total offering, the UK public will be fighting - Rascal hopes - for a maximum of 7.5 per cent.

While this aspect caused a flurry among populists eager to revive some excitement in the new issue market, the whole structure of the exercise came under fire from Millicom, the US company which owns 3 per cent of Rascal. Promoting a full demerger of the telecommunications unit, the Americans said that Rascal's shareholders could lose £560m by following the management's partial flotation scheme. So far, Rascal has met the argument with quiet disdain, rather than refutation.

Banks dominated the results scene. All four clearers achieved healthy advances on the 1987 first half, which they had used as deck-clearing time for doubtful foreign-country debts. At the pre-tax level, the

Banks

Relative to the FT-AI All-Share Index



aggregate improvement exceeded £3.2bn. National Westminster's profits jumped from £251m to £702m and Barclays rebounded from a £40m loss to £618m in the black. Midland bounced from £665m in deficit to £313m in profit, and Lloyds - hardest hit last year by provisions - rounded off the week with a £1.15bn turnaround from a £697m loss to £452m profit.

However, the figures met a less than euphoric reception as none of the big four produced convincing evidence that costs, especially in the increasingly competitive domestic market, were firmly under control. If interest rates stick at the new higher levels, this may not matter too much in the short term, but the cloud is definitely on the horizon.

At ICI, the cloud - as in many times in the past - is the strength of sterling. With record first-half profits of \$785m, however, the chemicals giant showed a welcome resilience to the strong pound, thanks to a worldwide surge in demand for basic chemicals. Elsewhere, Reuters said

slower revenue growth had made a European and North American cost-cutting programme necessary despite a 24 per cent interim pre-tax profit. STC, the electronics and computer group, lifted first-half profits by 30 per cent, and supermarket group Dees Corporation reported a 53 per cent decline for the full year, not counting the £14m extraordinary cost of successfully resisting Barker & Doherty's bid.

On the current takeover front, the largest domestic battle in progress - Goodman Fielder's £1.7bn offer for Ranks Hovis MacDougall - went through a quiet period until market purchases on Friday raised GFH's stake to 29.99 per cent. Investors and arbs were given a new instrument with which to take a view on the outcome of the bid, as the London Traded Options Market introduced RHM as the first "special situation" restricted-life option, arguing that the new options would allow investors to hedge against short-term volatility. On the first morning, 18,000 RHM con-

tracts were traded. Dewey Group meanwhile stepped in with an agreed £90m offer to rescue the data communications equipment supplier CASE Group from the Tokienesque. Canadian clinches of Gandalf Technologies Engineering vehicle Telos Holdings included its final offer for Walter Runciman, the shipping and sales group, up to £31.5m, indicating that Jo Mallin may be serious when he says he would rather lose than pay too much.

The latest hostile bid, by expanding householder and contractor Raine Industries for Ruberoid, the diversified building materials company, could be a humdinger, as the cool control of Raine's Peter Parkin confronts the salty irascibility of the target's Tom Kenny. Within a day of the bid being launched, each had used the Takeover Panel to force the other to withdraw certain statements. Watch for stormy weather out of all proportion to the £122m value of the offer.

Clay Harris

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company	Value of bid (£m)	Market price (£m)	Price of bid (£m)	Value of bid (£m)	Notes
Amersham	295	181	185	295	Imperial Chemical Industries
Amersham Int'l	295	181	185	295	Imperial Chemical Industries
Amersham Int'l	295	181	185	295	Imperial Chemical Industries
Amersham Int'l	295	181	185	295	Imperial Chemical Industries
Amersham Int'l	295	181	185	295	Imperial Chemical Industries

PRELIMINARY RESULTS

Company	Year	Pre-tax profit (£m)	Dividend per share (p)	Share price (£)
Abbey	April	17,200	30.8	124.0
Amersham	March	1,850	11.1	4.0
Amersham Int'l	March	1,850	11.1	4.0
Amersham Int'l	March	1,850	11.1	4.0
Amersham Int'l	March	1,850	11.1	4.0

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£m)	Dividend per share (p)
Amersham Int'l	March	3,170	2.85
Amersham Int'l	March	3,170	2.85
Amersham Int'l	March	3,170	2.85
Amersham Int'l	March	3,170	2.85
Amersham Int'l	March	3,170	2.85

RIGHTS ISSUES

Campbell & Armstrong are raising £2.25m via a one-for-eight rights issue at 100p a share. B&A is raising £2.25m via a one-for-eight rights issue at 100p a share. British Motor is raising £1.05m via a three-for-five rights issue.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Bonded Laminates have released details of its £3.5m placing. The 100p convertible is convertible from July 1989 at 125p. Cellographics is placing 7m new shares at 220p each, on a one-for-eleven basis for shareholders, to raise £2.14m. Dettmer has come to the market to raise £28.5m via a share placing of 27.5 per cent of its equity and a convertible preference issue. Tamaris is set to join the main market in a deal which involves the takeover of Lincare International.

is Waverley Cameron, which reports its figures for the year to April on Tuesday. Earlier this month, he used the Scottish stationer's paper (and some of its cash) to buy Ronald Martin Groomer, a Manchester-based company with interests in gift stationery, office equipment and toy imports. The £23m deal will have no impact on Tuesday's figures, which will reflect the company's humble and modest past. Attention will be focused on Gulliver's comments about his plans for the future.

RESULTS DUE

Company	Announcement date	Dividend (p)	Share price (£)
British Airways	Thursday	2.2	4.8
Commercial Bank of Near East	Monday	30.0	1.0
CSL	Thursday	1.0	1.0
Edinburgh Oil & Gas	Friday	1.0	1.0
Glywed Int'l	Wednesday	2.9	5.2
Haywood Williams	Thursday	3.5	8.0
Hickson Int'l	Thursday	3.2	4.0
Isle of Man Enterprise	Monday	-	-
Lawson Martin	Thursday	1.4	1.2
Mit Wind Investment Trst	Tuesday	1.7	7.5
Molyns	Thursday	2.6	6.0
Pavon Int'l	Friday	1.2	1.2
Unicost	Thursday	1.7	5.8
Vortica Chemicals	Tuesday	2.0	6.0
Securitor Group	Tuesday	1.7	5.8
Security Services	Tuesday	0.8	1.8

*Dividends are shown net of tax and are adjusted for any intervening corporate issues.

JUNIOR MARKETS

A busy time for disaster squads

FOLLOWERS of the Unlisted Securities Market will be familiar with the emergence of the funeral sector, most notably with Hodgson Holdings, which has breathed new life into the British undertaking business.

It is less well-known, however, that there is another corner of the market where deaths indirectly pay a dividend - the grisly but necessary business of coping with disaster and trying to prevent its recurrence. This emerging "disaster" sector takes in not only one of the funeral groups, Kenyon Securities, but also two fast-growing emergency lighting and fire alarm and detection companies, Menvier-Swain and JSB Electrical.

As was illustrated this week by the announcement of Menvier-Swain's results for the year to April 30, the environment for these businesses could hardly be better at the moment. Roger Fletcher, managing director, says: "I can't remember when we've been busier."

In most cases, it is not so much the upfront orders from events such as the London Underground fire at King's Cross last November or the explosion on the Piper Alpha oil platform earlier this month that matter. It is more the case that these occurrences boost general awareness of the need to make sure equipment is up to scratch.

Funeral company Kenyon Securities, on the other hand, gets the benefits right away -

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1988 High	1988 Low	Notes
FT Ord. Index	1488.7	+9.3	1510.5	1346.0	Unsettled by June trade deficit.
Amersham Int'l	596	+150	598	441	Golden share redeemed.
Amersham Int'l	596	+150	598	441	Golden share redeemed.
Amersham Int'l	596	+150	598	441	Golden share redeemed.
Amersham Int'l	596	+150	598	441	Golden share redeemed.

not just because they create a surge in demand for their funeral services, but also through its Major Incidents Section. This institution, which it believes is unique, is called in to provide "assistance to the authorities" when major tragedies occur.

"There's a sort of critical mass of deceased - maybe 30 or 40 - which leads them to call us in," says Michael Kenyon, chairman.

At that point Kenyon acts as their team expert, which will fly anywhere in the world to provide services such as collection and care of the deceased, identification, documentation, and discussions with relatives. Thus, Kenyon revealed along with his companies' results last week, the MIS team has been hard at work on the Piper Alpha rig in recent weeks.

"This particular disaster has not created a need for the products made by Menvier-Swain and JSB Electrical. Nor, in fact, did the increased demand for equipment on ferries following the disaster at Zebrugga in March 1987 provide a particular boost to their profits. "We did some small orders," says Fletcher, "but we

found that the margins were rather tight." He sees the Bradford City disaster as a landmark for attention to safety standards. After 93 people died at the football ground in May 1985, fire prevention officers up and down the UK, especially in sports halls and football clubs, became much more worried about implementing codes of practice and enforcing regulations.

This awareness - and the buoyancy of the construction sector - has helped the UK emergency lighting market grow by up to 15 per cent, and the market for fire alarms by 18 per cent annually, over the last few years. Higher demand for equipment was underwritten last year with the passing of the Fire Safety and Safety of Places of Sport Act.

Competitors to Menvier and JSB on the main market in these products include Chloride, Thorn Lighting - part of Thorn EMU - and MK Electric, part of RTZ. However, the overall marketplace is still highly fragmented, and both JSB and Menvier - which commands about 34 per cent of the market - have been able

to increase their market share by acquisition. Menvier said this week that it had increased pre-tax profits by 29 per cent to £2.71m in the year to April, while the much smaller JSB Electrical saw profits rise by 75 per cent to £587,000.

The big question hanging over the two companies at the moment is what benefits they will see from the King's Cross disaster, now that the public inquiry into the fire has recommended that London Underground needs to spend about \$75m on improving safety.

Menvier's Oxfordshire operation is already working at about full stretch. But it says that it would be ready to meet any onslaught of orders from the Underground, as it will have opened a new factory, increasing its capacity by about 50 per cent, by the beginning of next year.

However, while hopes have been rising of a major increase in business for the emergency equipment, Kenyon says on past experience activity at the Major Incident Section should be steady.

Clare Pearson

RESULTS DUE

BCal purchase grounds BA

IN A QUIETER week for results after ICI and the big four clearing banks, British Airways announced its first quarter figures next Thursday. Last year, the group made \$90m before tax in the three months to June 30, but that was before the purchase of British Caledonian. A disappointing quarter from BCal will probably reduce BA's profits to about £70m.

May's traffic figures for BCal's old routes improved only slightly on the disappointing statistics for April, which showed the airline 20 per cent down on the previous year. However, it is expected that the June traffic figures, due within the fortnight, will demonstrate an upturn in the BCal's fortunes.

Analysis estimate that if BCal could match BA's yield per passenger and number of passengers per plane over the North Atlantic routes alone there would be a \$100m improvement in revenue. They are likely to ask some tough questions about BCal's trading performance at Thursday's meeting.

TI Group, the specialist engineering group which has been radically restructured in the past 18 months, announces its interim results on Thursday. After a spate of acquisitions and disposals, any comparison between analysts' pre-tax profit forecasts of between \$30m and \$40m for the first six months of the year and last year's interim profits of \$25.1m is somewhat meaningless.

In the hands of chief executive Christopher Lewinton, TI has sold consumer businesses ranging from bikes to kettles, and in their place bought leading positions in specialised international engineering businesses. The full effect of this metamorphosis will not show through in these results, although analysts expect the acquisitions John Crane and Bundy to be encouraging.

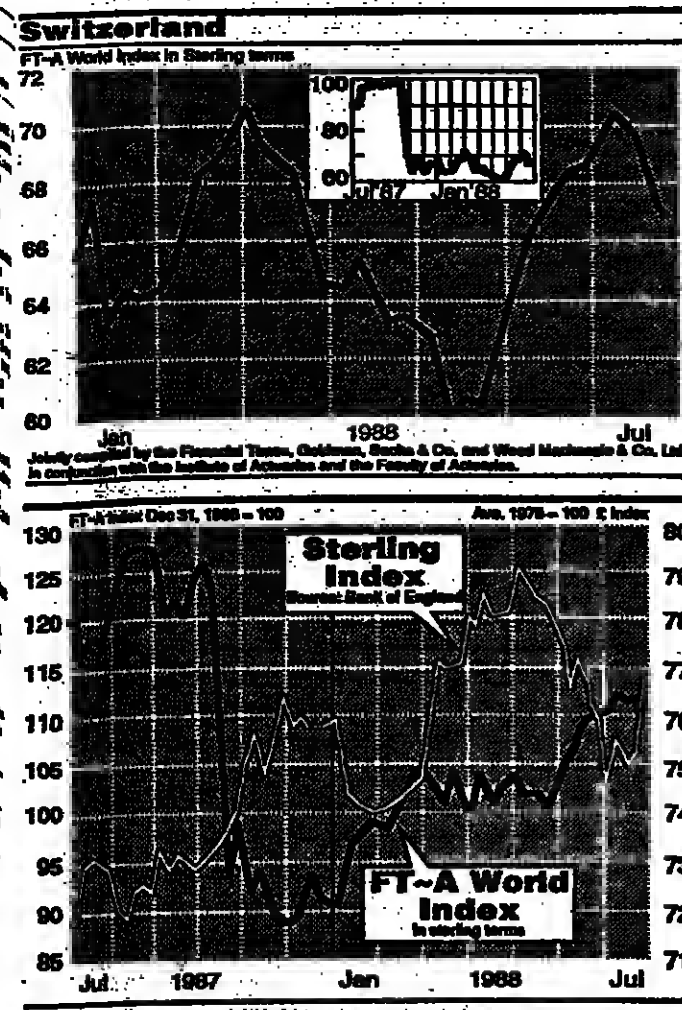
Yet another beneficiary of the construction boom should reveal its progress on Thursday. Heywood Williams, the glass and aluminium specialist, is expected to report pre-tax profits of about £13.5m for the first six months of the year, compared with £9.11m last year. Any direct comparison is difficult, however, as Heywood has been engaged in a plethora of acquisitions. Of these, a particularly good performance is expected from Thermanx, which toughened glass maker, which

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK							
Deposit account	3.00	3.04	2.48	monthly	1	1,000-4,999	0-7
High interest cheque	5.60	5.76	4.60	monthly	1	5,000-9,999	0
High interest cheque	6.00	6.17	4.44	monthly	1	10,000-49,999	0
High interest cheque	6.30	6.49	5.19	monthly	1	50,000 minimum	0
High interest cheque	6.70	6.91	5.53	monthly	1		
BUILDING SOCIETY							
Ordinary share	4.80	4.85	3.72	half-yearly	1	1,250,000	0
High interest access	6.35	6.58	5.08	yearly	1	2,000 minimum	0
High interest access	6.80	7.03	5.58	yearly	1	5,000 minimum	0
High interest access	7.10	7.35	5.88	yearly	1	10,000 minimum	0
90-day	7.35	7.49	5.99	half-yearly	1	500-9,999	90
90-day	7.50	7.74	6.19	half-yearly	1	10,000-24,999	90
90-day	6.10	6.26	6.61	half-yearly	1	25,000 minimum	90
NATIONAL SAVINGS							
Investment account	8.50	6.38	6.10	yearly	2	5-100,000	30
Income bonds	9.00	7.04	6.63	monthly	2	2,000-100,000	90
Deposit bond	8.00	6.75	6.40	yearly	2	100-100,000	90
34th issue	7.50	7.50	7.50	not applic.	3	25,000	8
Yearly plan	7.50	7.50	7.50	not applic.	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3		8
MONEY MARKET ACCOUNTS							
Schroder Wagg	6.72	6.90	6.52	monthly	1	2,500 minimum	0
Provincial Bank	7.68	7.95	6.36	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS							
3pc Treasury 1988-89	9.00	7.71	6.94	half-yearly	4	-	0
3pc Treasury 1992	9.94	7.88	6.82	half-yearly	4	-	0
10.25pc Exchequer 1995	9.89	7.96	6.84	half-yearly	4	-	0
3pc Treasury 1992	8.20	7.41	6.83	half-yearly	4	-	0
3pc Treasury 1992	7.84	7.01	6.51	half-yearly	4	-	0
Index-linked 2pc1992/95	7.42	6.91	6.00	half-yearly	2/4	-	0

*Lloyds Bank Halifax 90-day, immediate access for balances over £5,000.† Special facility for extra £5,000.‡ Source: Phillips and Drew. § Assumes 4.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

WORLD MARKETS



Switzerland
 FT-A World Index in Sterling terms

THE SWISS paradox persists. At a time when analysts are again looking for fundamentals, the Swiss stock market - which is poised on a bedrock of solid economic indicators - has sidled into the summer without the leap up the indices table expected of it.

This week has seen excitement in the insurance sector with prices responding to the domestic takeover battle for La Suisse and to speculation around two other small insurers, La Geneva and Berner Allgemeine.

Yet the Swiss Bank Corporation general index barely budged. The recovery which started in May and continued in the wake of Wall Street through June has moved the index only 11.8 per cent higher than its year-end mark.

Swiss fundamentals are respected but ignored. Turnover has held up fairly well, Zurich showing a decline of only 7.5 per cent in the first half. But, as one broker explained this week, "We are still in a traders' market with scarcely a bit of bull in it."

The bond market has followed a different course. The Swiss National Bank this week published impressive figures for the first half showing a 37.8 per cent increase in new issues of Swiss franc bonds for foreign borrowers compared with the first six months of last year. Foreigners raised SF22.4bn (\$14.5bn) on the Swiss market during the period. A more modest SF7.5bn was placed for domestic borrowers but this was 14 per cent higher than during the first half of 1987.

However, developments this year have not been an undiluted dream for underwriters. Most activity was concentrated in the first quarter when investors, looking for safer havens after the October stock market crash, turned to medium-term bonds. Average yields on Swiss franc bonds have recovered recently, reaching 4.49 per cent on the domestic side, almost the same as at the beginning of the year, and 4.84 per cent for foreign bonds, which had been as low as 4.53 per cent.

However, since May Swiss short-term interest rates have been edging up. While opening prices paid on the market for new bonds were roughly on par with issue prices during the first quarter, bonds opened well below their issue prices during the second quarter.

To return to those fundamentals, the economy is set for a 1.5 to 2 per cent growth in GNP this year. The red flag warning of recession which was hoisted in October has been lowered. Demand, both at the investment and consumer levels, is being sustained, even if at more sedate levels than in the last two years.

SWITZERLAND
 Sedate Swiss opt for sloth

Bank Vontobel has just published earnings per share estimates showing average growth of 9 per cent this year and 11 per cent in 1989 for companies traded on the Zurich exchange.

On 1988 forecasts the average price/earnings ratio for Swiss stocks is a relatively low 9.6. So why does the Swiss market continue to underperform? One reason advanced is the poor performance of bank and insurance shares, which make up roughly 37 per cent of the general index. Bank earnings were trimmed last year for the first time since 1976 and no substantial improvement is expected this year.

Insurance led the first small rally in January and February but at least until this week investors appeared to be waiting for the rise in short-term Eurofranc rates to peter out or be reversed before buying insurance stocks.

A general explanation for the sloth of the Swiss market is the retreat into traditional Swiss conservatism of domestic pension fund managers after October and the sulkiness of foreign institutional investors, who carried the market in the pre-October period but returned only fitfully during the May and June recovery.

FT-ACTUARIES WORLD INDICES

Country	2 Sharings % change from April 1987	5 Sharings % change from Dec 1987	Country	2 Sharings % change from April 1987	5 Sharings % change from Dec 1987
Australia	+38.4	+52.4	Mexico	+19.3	+22.8
Austria	+2.8	-6.8	Netherlands	+7.2	+13.8
Belgium	-8.9	-20.5	New Zealand	+18.0	+15.5
Canada	+10.9	+22.0	Norway	+7.1	+30.7
Denmark	+19.8	+21.7	Singapore	+31.0	+45.9
France	+21.8	+16.4	S Africa	+1.5	-1.5
W Germany	+3.9	+4.8	Spain	+6.7	+20.8
Hong Kong	+18.3	+32.5	Sweden	+9.9	+30.4
Ireland	+23.3	+43.9	SWITZERLAND	+4.8	+1.3
Italy	+0.4	+1.5	UK	+6.6	+9.1
Japan	+8.0	+27.8	USA	+12.6	+17.7
Malaysia	+39.1	+47.7			

A rekindling of inflation is not imminent. The federal Government has run a budget surplus for the last two years. The National Bank appears to have successfully syphoned off any excess in the money supply in navigating the change in bank liquidity requirements introduced in January. The 3 per cent target set by the Bank for the growth in the monetary base this year will probably be undershot and the year-on-year rise in consumer prices should not exceed 2.5 per cent.

At the corporate level the latest surveys of business opinion disclosed a generally optimistic mood in industry.

The recent firming of the dollar and slight drop in the Swiss franc have favoured Swiss exporters. Swiss analysts also point to the narrowing of the gap between the turnover increases in local currencies and Swiss francs reported for the first half by the large Swiss chemical concerns. Corporate treasurers used rates of 1.35 to 1.40 to the dollar in their budgets for 1988 compared with the current rate of 1.54. Some positive surprises could come at the end of the year.

A Swiss investment bank team which made a presentation in London at the beginning of this week evoked only promises to take a closer look at the arguments for buying Swiss. A variety of explanations is offered for current foreign disdain, among them the publicity elicited during the battle for Rowntree over Swiss companies' use of registered shares to block takeovers.

Foreign investors have largely eschewed Swiss non-voting participation stocks after the exaggerated tumbles in prices they experienced in October. They may also have become more sensitive to the premium over registered stock which they have to pay for bearer shares.

UK institutions in particular are reported to worry about the effect on Swiss companies of the move to a single European Community market. US investors query the ability of Swiss managers to realise the earnings potential of their huge assets, but watch with interest the current activities of domestic raiders such as Tito Tettamanti in motivating managements.

Swiss analysts argue that the fundamentals must shortly prevail over these mainly technical excuses. But, if the Swiss market is to stop riding on the coat-tails of Wall Street and launch its own rally, the first impulse will probably have to come from the domestic pension funds.

Will Dullforce

WALL STREET

The new name of the game

WITH SHARE prices on Wall Street bouncing aimlessly within a narrow trading range, leadership is shifting capriciously among the main industrial sectors. The first big recovery after last October's crash came in the interest-sensitive stocks, which were supposedly proof against recession. Then, as the dollar dropped, attention shifted to heavy manufacturers, whose profits have been virtually exploding as a result of the currency devaluation of the last two years.

A brief flurry followed in the technology issues, then heavy industry came back in fashion. Now attention is shifting to interest-sensitive utilities and recession-proof consumer stocks, as the market begins to have second thoughts about the prospects for interest rates and economic growth.

Given this fickleness among investors and the unpredictability of economic forces, it is worth looking at the more reliable financial engine which helped push stock prices ever upwards in the last three years of the bull market and which shows few signs of losing power.

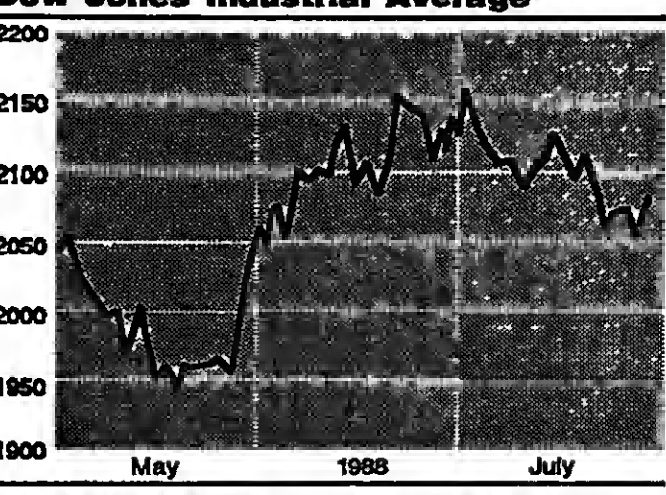
This engine can be variously described as merger mania, weight of money or shortages of stock. Its power is illustrated in a simple, well-known statistic. In the last four years, US quoted companies have taken \$100bn to \$150bn worth of equity each year out of the stock market. Allowing for new stock issues, this equity withdrawal has produced a net reduction of \$65bn each year in the amount of stock available for stock market investors to buy and hold.

Indeed, since 1984, which marked the beginning of the bull market, the net corporate stock retirements of \$26bn have exceeded by 50 per cent the combined net purchases of all US and foreign investment institutions on Wall Street.

The same point can be put another way. The people driving share prices up on Wall Street have not been traditional equity investors, but corporate managers and deal makers in the merger and leveraged buyout games. They have been buying companies back from their institutional owners at prices far higher than passive professional shareholders seemed willing to pay.

What does this have to do with share prices today on Wall Street? A great deal, as the last few weeks' news items should demonstrate. On the plus side, there has been Robert Maxwell's foray into the \$2.3bn auction for Macmillan or this week's \$2.5bn offer for Interco, the country's leading furniture and shoemaker. Not only do such bids drive up the prices of the target companies to previously unthinkable levels - Interco was worth \$49 a share two weeks before last Thursday's \$54 offer - even more important, they seem to transform the underlying long-term values which analysts attribute to their whole industrial sectors. Immediately after the Interco bid, a leading

Dow Jones Industrial Average



Wall Street analyst said: "At \$64, my grandmother could finance it. The company's worth well over \$70 a share."

This brings us to the negative side of mergers as a financial fuel to power the stock market. On Thursday morning, just as the Interco bid was being announced, some very different news emerged from Akron, Ohio. Revco D.S., once the nation's largest chain of drug stores, had gone bankrupt. This came as no surprise. But the symbolic significance of the announcement could not be overstated. For Revco,

which was taken private only 19 months ago in a much applauded \$1.3bn leveraged buyout, was the first junk-bond financed LBO to go bankrupt.

Wall Street analysts were busily explaining that Revco's failure had nothing to do with the kind of generalised economic downturn which could lead to the destruction of dozens of even bigger LBOs. But while the bankruptcy was not due to rising interest rates or falling consumer spending, it pointed to an even more fundamental danger in many leveraged mergers and LBOs - what brought the company down was simply that it paid too much for its stock in the original LBO. Instead of growing by 50 per cent as projected by its overenthusiastic management, the company grew only 5 per cent. That one year of underperformance was more than enough to seal its fate.

If LBO lenders and investors begin to heed the lessons of the Revco failure, the significance could be much broader even than the \$55bn spent on leveraged buyouts between 1984 and 1987 might indicate. For LBOs have set the framework for the whole merger phenomenon of the mid-1980s. Not only have they enabled managements to buy their own companies for previously unheard of prices with virtually no personal investment, they have also guaranteed a lively auction whenever merger offers came in from outside.

There is no sign yet that bank lenders and junk bond investors are becoming more cautious about leveraged buyouts and takeovers. But if such signs should become apparent, many of the "special situation" stocks which have provided the real leadership for the last two years of the bull market would have only one way to go - down.

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 Tuesday 2,073.97 + 2.14
 Wednesday 2,082.70 - 20.77
 Thursday 2,082.38 + 28.68

Anatole Kaletsky

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THE TEAM
 Left Picture: S. Myers, P. Collins, S. Mahew-Sanders, S. Crooks, K. Thomason.
 Right Picture: R. Mearns, I. Throssel, R. Bale, S. Pearce, S. Langman.

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FINANCE & THE FAMILY

Dominique Jackson on low-risk speculation

Takeover tactics

HOW MANY times have you followed a company takeover battle from the first news of a bid, watched the price of the target shares soar and wished you had bought a few hundred before the market had pushed them so high?

Investors have now been given a low-risk opportunity to speculate on stocks involved in bid battles - or in other extraordinary circumstances with the introduction this week of "special situation" traded options which will be available only for a limited time period.

The Stock Exchange is already reporting good demand for the first of the new restricted life options on Rank Hovis McDougall which is the target of an unwelcome bid approach from Australasian food group, Goodman Fielder Wattie.

The new options, by offering an opportunity to buy or sell a determined amount of a particular company's shares at a date in the future and at a fixed price, allow investors to take their own view on the outcome of the bid at a fraction of the cost of buying the underlying shares in the cash market. "Shares in bid situations can

often be subjected to quite violent short-term price swings in the various stages of the takeover battle," explained Michael Freyd of Phillips and Drew. This could happen if there is the possibility of an alternative bid, or a potential reference to the Monopolies and Mergers Commission or if the existing management decide to actively resist the approach.

"Investors are placed in a very difficult position when any of these situations arises - knowing whether to accept the bid and sell their shares or to hold on to them in the hopes that a counter bid will push the price even higher," he added.

Geoffrey Chamberlain, chairman of the London Traded Options Market, pointed out that if the new options had been available on Rowntree's, "investors would have been able to lock-in minimum profits as the value of the shares soared - by simply buying put options to hedge against a potential fall in the value of the shares if an MMC reference had been made."

Another possible strategy would be simply to purchase call options, giving the right to

buy shares. This would allow participation in the upward surge of a stock price without risking large amounts of capital if the bid should for any reason fall through.

The Stock Exchange expects bid situations to be the main trigger for introducing the new type of "special situation" options, which will only be listed for as long as the volatility in the stock price lasts.

However, other circumstances which could prompt sudden demand for a particular company's shares might also see the introduction of options. This would be the case with the shares of newly-privatised companies, allowing many more investors to take a bet on their reception.

"IT'S NICE to see the race developing," says Trevor Pallen, eyeing the water-tight distance that separates his Prudential team from first position. Since last month, Casenove, the front runner has stumbled, cutting back its lead over the Prudential from 243,857 to a mere 121. Meanwhile, Hendersons, in third place, is coming up fast on the inside.

The Great Investment Race is now past the half way mark. And the nine teams of fund managers taking part have each, with varying degrees of success, increased their starting stakes of £55,000.

So far, on the £25,000 put up by the sponsors, Prudential Holborn, the nine teams have made a profit of £264,929 in their efforts to raise money for the race organisers, Charity Projects.

Bernard Casenove is unshaken by last month's setback, which saw his £190,244 stake whittled down to £154,038, according to the WM company, the Edinburgh performance measurement consultant monitoring the race.

"It directly reflects the aggressive, high-risk nature of the portfolio," he says. Casenove has been playing for high stakes and took a gamble after loss-making forays into Bass call options, Ferranti shares, Olivetti shares and Thorn EMF warrants. His strategy, however, remains intact.

"We will continue a policy of trying to identify individual situations and trying to make money... not to lose it," says Bernard Casenove.

IN A surprise announcement this week the Inland Revenue said that it is planning to jettison the concepts of residence, ordinary resident and domicile, taxing individuals who are in the UK for only part of the year. Taxing people on the basis of the extent to which they remit overseas earnings to the UK could also be thrown out.

The shock waves from these proposals, which at the moment are contained only in a consultative document, are likely to spread. But it is already clear that the tax position of the following groups will alter drastically:

Foreign nationals working temporarily in the UK at the moment generally pay tax only on their UK income and capital gains and on income remitted to the UK. The Revenue wants to tax them on their entire worldwide income and gains. This rule will apply to people

Richard Waters describes surprise tax changes

Revenue makes life tougher for exiles

who are in the country for more than 183 days during the year (the new, absolute test of residence). If they have been resident for less than seven of the last 14 years, an intermediate basis of tax will apply, which would impose a sliding scale bringing their worldwide income and gains into tax.

EXPATRIATES

always the same as nationality, place of birth or residence. UK residents living abroad for less than three years. Any gains made during the period abroad would be subject to UK tax on their return. This blocks the loophole which allows people who can prove they are non-residents for tax purposes for one year to realise assets free of UK capital gains tax, even if the asset is held in the UK and has increased in value

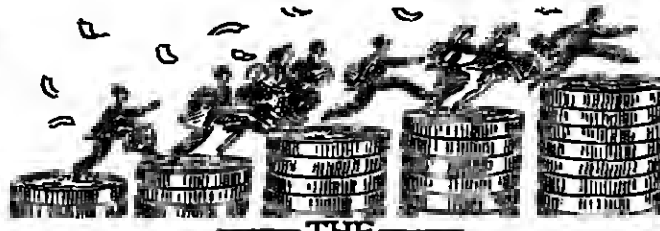
over many years. Visitors to the UK can be treated as resident if they have accommodation available in the country. They will be subject to the same 183 day test as everyone else. A further new rule means that a third of the number of days they spent in the UK in the previous year, and a sixth of those in the year before that, will be added to the current year when calculating the 183. This means that, on average, anyone spending more than 120 days in the UK for three consecutive years

would be treated as resident. British expatriates returning to live in the UK may benefit from the proposed abolition of "domicile" as a test of tax status. They would be able to claim that, since they have not lived the UK for at least seven of the previous 14 years, they should be taxed on the same intermediate basis as foreigners working temporarily in the UK. However, the Revenue is likely to introduce a further rule allowing them to make use of this concession only if they have never lived in the UK for a consecutive period of, say, 15 years. This, the authorities admit, could present substantial problems of proof.

People commuting regularly to the UK, for work or domestic reasons. A rule that parts of days spent in the country will count as full days is likely to affect them, since it will increase the number of days they are judged for tax purposes to be in the country.

Vanessa Houlder reviews competitors' fortunes

Swings and roundabouts



THE GREAT INVESTMENT RACE

GREAT INVESTMENT RACE - HOW THEY STAND			
1	(1) Casenove	£154,038	(£190,244)
2	(2) Prudential	£153,918	(£146,487)
3	(4) Henderson	£134,354	(£112,688)
4	(3) Nomura	£123,067	(£113,217)
5	(8) Enskilda	£83,199	(£ 58,278)
6	(7) Capital House	£ 75,672	(£ 55,213)
7	(6) Daiwa	£ 73,775	(£ 59,562)
8	(5) Hoare Govett	£ 69,809	(£ 72,599)
9	(9) Bell Lawrie	£ 55,711	(£ 58,013)

Previous positions in brackets. Source: Wai Company

Its key rival, Prudential, chalked up a solid £7,481 gain. In part, this was thanks to nimble intra-day moves in FTSE futures, which allowed it to take advantage of a thin and volatile market. It also benefited from takeover action - making a notional £4,400 by buying RHM shares before the bid.

Meanwhile, Hendersons, the independent fund management group, made the greatest advance of any of the front runners, and moved up from fourth to third place. With an attitude that Claire Nowak sums up as "cheerful gloom", Hendersons has cashed in on its bullish view about world markets by punting in futures. Its £31,671 gain resulted mainly from selling FTSE futures, S&P 500 futures, Nikkei September futures and US Treasury bond

futures. Henderson's gain was beaten only by Enskilda Securities' rise of £28,580. It has leapt from eighth to fifth place following a bold decision to pour all its money into one stock at a time. "It was a bit hairy," admits Richard Martin, who runs Enskilda's trading desk in London. "But we did not seem to be going anywhere so we had to do something drastic."

The risk was tempered by the decision to stick to stocks that were well known to Enskilda's research team. Accordingly, Enskilda moved in and out three times of the Danish Novo Industri, clocking up a profit of £15,500. Its other main coup was a £3,000 profit on Alstom Atlantique, the French transport company. Having seen some big gam-

bles pay off, Enskilda is now prepared to consolidate. For the present, as it contemplates the quiet August market, all its funds are in cash. Daiwa, which is concentrating on Japanese equity warrants, has been battling in a somewhat depressed market. Nonetheless it managed to move ahead by almost £5,000. This was achieved despite a £10,000 reduction in the value of the Mitsubishi Oil holdings, half of which it sold. On the upside, dollar warrants of Trio Kenward did well, as did Nippon Chemicon and Toyota Motor.

Daiwa has decided to broaden its portfolio by expanding its holdings to four rather than two. It is, however, still adamant that it is on the right track. "We are definitely in the right sector to make money for this race," says Caroline Dale. "I would be surprised if we do not take a lead through warrants."

This confidence in the Japanese warrants market is shared by Andrew Jacobs of Nomura, the other Japanese securities house in the race. "It will be quite difficult not to make money in the warrant market over the next five to six months," he says. "After the recent fall, warrants are at a historically low level. If equities move ahead the warrant market will really race."

AN ARTICLE entitled "Confusion lurks in the small print", published on page IV of last weekend's FT, criticised some of the client agreement letters sent out recently by

stockbroking firms. A letter from Scrimgeour Vickers Asset Management which responds to these criticisms appears on the main letters page in the first section

Mortgage moves

BARCLAYS Bank yesterday raised its mortgage interest rate to 11.8 per cent - the highest rate announced so far. It lead the way earlier this month in raising its rate to 11.1 per cent, but was left behind when the Halifax, and other leading building societies, decided to move up to 11.5 per cent.

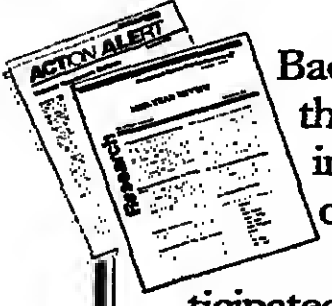
However, instead of falling into line Barclays has decided to go up a further notch. Midland, which put its rate up to 11.3 previously, is also expected to announce another increase in its rate on Monday. Most of the other major lenders have settled on 11.5, although the Mortgage Corporation yesterday said its rate

was going up to 11.4. Meanwhile, Lloyds announced that it has put £150m for a fixed-rate mortgage at the competitive rate of 10.9 per cent, available from Monday. But it applies only to endowment and pension mortgages, supported by policies provided by Black Horse Life, its subsidiary company.

The rise in interest rates is good news for those requiring income from deposit-based investments. The building societies have at last increased their rates for savers and investors. But the increases are fairly modest - an average of 1.25 per cent.

John Edwards

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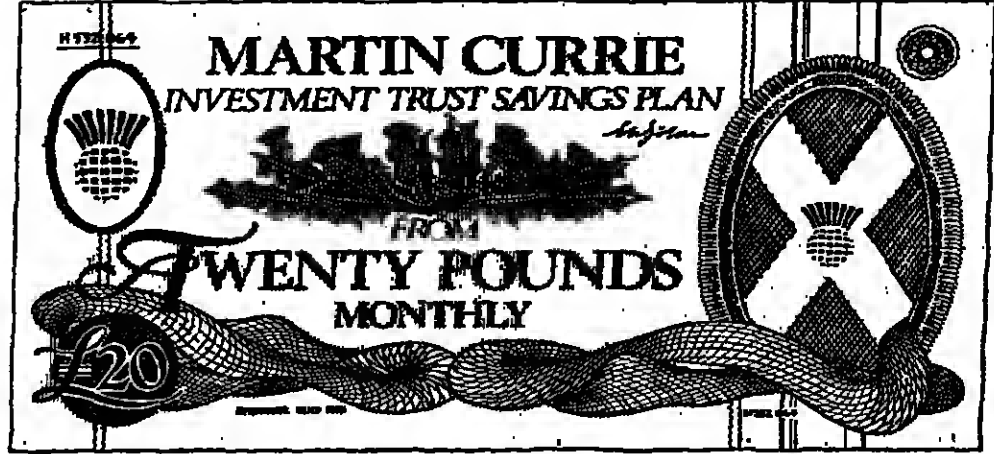
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FINANCE & THE FAMILY

David Thomas finds a novel way of borrowing

Career aid loans

ANDREW NASH, a helicopter pilot from Aberdeen, is to fly fixed-wing aircraft. Upgrading his helicopter licence was an expensive business, however, so he approached a bank for a £4,000 loan.

Maxine Grant, an unemployed woman from Bristol, hoped to become a beautician, with the eventual aim of perhaps opening her own salon. But first she had to borrow funds to cover the £1,000 private course needed to get her one rung up the ladder.

Martin Richards, also from Bristol, found his effectiveness as a building surveyor hampered by his failure to understand estate agents' jargon. So he decided to take an estate management course at Bristol Polytechnic, but he first needed to find £500 to cover the tuition fee and other expenses.

These three people have two things in common. First, they were all prepared to borrow money to take courses which would improve their career prospects. Second, they were among the first beneficiaries of a subsidised loan scheme for education and training which has been running in four areas on a pilot basis since 1986.

The Department of Employment was sufficiently impressed by the results of the pilot to decide this month on a national launch for the scheme. Known as Career Development Loans, it will run in co-operation with Barclays, Clydesdale and the Co-operative banks. This is the first time that the Government has backed "soft" loans for education and training.

In the future, people contemplating a vocational course will be able to borrow between £300 and £5,000 from one of these banks. Typically, the course must last between one week and one year, though the final year of a longer course may also be eligible.

Any vocational course will qualify, including some post-graduate degrees and some courses eligible for discretionary local authority awards. The only restrictions are that applicants must not be receiving financial support from elsewhere, whether from an employer or education authority, and that the course should be designed for use within a job in the UK or another European Community country.



The loan will typically cover up to 80 per cent of the course fees, together with the cost of books and equipment. The banks may also loan money for living expenses if the course is full-time.

The Government is subsidising the scheme by covering interest payments for the duration of the course and for up to three months afterwards. Although Department of Employment officials do not appear to have thought very closely about this, it also appears that the Government will underwrite the loan for this initial period: the Government would pay back the loan if, for instance, a trainee was killed in the middle of a course.

The Government is planning for about 3,000 trainees to pass through the scheme during its first year of operation, at a cost to it of about £2m, implying an average subsidy to trainees of just over £650.

Once the three-month period of grace after the completion of the course is over, however, the Government's involvement is at an end and it will be up to the borrower to repay the loan plus remaining interest payments. The banks are charging normal commercial rates: Barclays, for instance, quotes an annual percentage rate of 12.4 per cent for a loan of £2,500 for a course lasting six months repaid over three years, and of 10 per cent for a loan of £5,000 for a course lasting a year, also repaid over three years.

Christine Stopp may have the answer to brokers' prayers

Solution to unit trust pricing

EVERYONE is agreed that the current confusion on pricing of unit trusts is, to say the least, unfortunate. Brokers are busy compiling lists of when different trusts are valuing, a complication which will slow down the whole pricing process.

Real-time pricing allowing the investor to ring up and get a fresh price calculated on the spot is years away, and may never happen. The expense involved in developing such a system is probably not worth the benefits it would give, especially after the current unwelcome round of increased charges.

Alan Wren of Prudential Holborn is doubtful about the value of pursuing this near-impossible goal, having seen prices move only a tiny fraction from one two-hourly valuation point to the next.

In any event, the present SIB regulations as they stand would make valuations at intervals of, say, ten minutes, very difficult. There will have to be consultation between the unit trust groups and the SIB to iron out such problems if anything approaching "real" real-time pricing is to be achieved.

Forward pricing, however, is much more bearable if the time lapse between placing the order and the valuation of units for that order is not too long.

Henderson's Chris Burrows feels that forward dealing with two-hourly valuations is acceptable. But he points out that if, with a forward dealing system, you buy units in a US fund at 3pm, you could be exposed to a whole day's dealings on Wall Street before your bargain is priced.

About a third of unit trust groups have chosen the forward pricing route. During a month of very low dealing volumes, they are waiting anxiously to try and find out whether the new pricing policy is affecting sales.

Behind the scenes, frequent valuation systems (perhaps a more accurate term than real-time pricing) are being evolved in a race between groups with the resources to do so.

There will undoubtedly be new developments before the end of the year, but the final consensus is more likely to be a forward system valuing within an hour or so rather than up-to-the-minute, while-you-wait pricing.

markets. They have real-time price feeds for the UK, Holland, France, Belgium, Germany and Switzerland, but not Spain. For a European fund with Spanish holdings this causes a complication which will slow down the whole pricing process.

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whether or not to lend to any individual. They do not have the expertise to check the suitability of courses, but they say they will place much reliance on their judgement of the commitment of applicants to their careers.

The banks do not appear to rule out lending money to people who are entirely capable of paying for courses out of their own savings or with the help of spouses. So, on the face of it, the scheme could be a useful source of a Government-subsidised loan for some people who may not need it.

Not every branch of Barclays, Clydesdale and Co-operative is in the scheme, but the banks have arranged for the whole country to be covered. For instance, only 151 Barclays branches are in the scheme, but a non-participating branch will refer applicants to a branch which does fall under the umbrella.

Some concern has been expressed that people who fail to find jobs at the end of their course could be left with a hefty loan to repay, but the Department of Employment counters with the statistic that 80 per cent of the £50 people who used the scheme in the pilot phase found jobs immediately after retraining.

For more information, contact 0800-535505.

ONE OF the last and most crucial components in the structure of the financial services regulatory framework - the Investors Compensation Scheme - will come into operation on August 27.

Final details of the scheme were announced this week by David Walker, chairman of the Securities and Investments Board, who said the scheme was the keystone in the framework built to protect investors.

Using Walker's analogy, however, the stone itself appears flawed. The protection provided to investors is barely adequate and there are far too many gaps in the coverage. It may not be able to stand up to a collapse on the scale of Barlow Clowes, although of course it applies only to defaults occurring after August 27.

To start with, the maximum limit of compensation, covering the first £50,000 of investment, is low and many investors may find a high proportion of their assets unprotected. Full compensation is only paid on the first £30,000 and 90 per cent on the next £20,000, so the top payout is in fact only £48,000.

As pension schemes mature, more retiring employees will have cash lump sums in excess of £50,000 to invest. And the new breed of investors, "Pipies" - People Inheriting Parents' Properties - will, because of house price inflation, also very often possess capital sums for investment above the limit.

In contrast, the compensation scheme for insurance companies set up under the 1975

Eric Short hits at faults in investor protection

A flawed keystone

Policyholders' Protection Act has no upper limit, though investors are guaranteed only 90 per cent of their investment. Perhaps this compensation format would have been more appropriate. Certainly the Consumer Association has been calling for the limit to be raised to £100,000.

Next, the scheme puts a "cap" on the aggregate compensation payments in any one scheme year - the 12 months to March 31 - at £100m. If this ceiling is exceeded, or looks likely to be exceeded, the scheme manager is empowered to reduce the compensation payments pro rata.

Thus, if a series of failures occur in successive scheme years, none of them exceeding £100m, investors will be compensated in full. But if they occur in the same year compensation will be cut back.

It is easy to understand the reasoning behind such a cap - to avoid the need to impose an unacceptably high levy on firms at any one time to finance the scheme. But it is going against basic fairness to provide full compensation in some cases but not in others. There is no such "cap" with the insurance compensation scheme.

The final exemption in the coverage is that it applies only to investment firms that are



David Walker, SIB chairman

authorized. Investors in firms that have only interim authorisation will not be covered, and could not look to the scheme if such a firm were to default.

Potential investors must therefore be wary of dealing with firms which only have interim authorisation. There are still about 2,000 such firms even though it is now three months since A-Day when the main provisions of the Financial Services Act came into force.

Of course, investors dealing with them after August 27 will normally be no less protected than they are now, but they will fail to gain advantage from the increased protection avail-

able on dealings with fully authorised firms.

The position is rather worse with Stock Exchange member firms which at present are still covered by the members' compensation scheme. This cover is to be terminated on August 27 when clients of interim authorised firms will lose all protection.

Advice to avoid interim authorised firms may be hard on the vast majority of companies, which are operating within the Financial Services Act rules and will eventually receive full authorisation. But a comparatively small number of these firms will have their authorisation application rejected. Investors have no real way of knowing which firms might be shut, so they must steer clear if they can.

The scheme does not apply to investments made before August 27. Regular savings contracts started before that date will be covered, but will be based on the contract value as at August 27, not the accumulated value of the contributions. Whatever the limitations of SIB's scheme, there is at least one important area where SIB has gone out of its way to provide cover for investors in offshore funds. It could have easily decided to exclude them, but once again the shadow of Barlow Clowes falls across the

stage. There is some limitation, however. There is no problem if the offshore fund is managed by a defaulting firm authorised in the UK since this automatically comes within the compensation scheme.

But if the investor was recommended by an independent financial adviser to invest in an offshore fund not managed by a UK authorised firm and is not covered by a compensation scheme operated by the offshore territory, then there are certain options available.

Investors could sue the adviser and if successful reclaim their money. If the adviser goes into default because he does not have the financial resources, then because that firm must be authorised, the compensation scheme will come into operation.

But the cover will only apply to investment advice given from August 27. So if investors already have offshore investments made on the recommendation of their adviser in order to qualify for the scheme, they should ask their adviser to reassess the situation as from August 27.

Finally, the scheme manager has discretionary power to make compensation payments ahead of the ultimate conclusion of litigation.

However, investors should remember that in any default it will take time to ascertain the situation, assess potential liabilities - investors have six months to lodge their claim - and get the compensation system operative.

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Option II

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Your next step

If you are thinking of reinvesting, you may find it useful to work out what your Certificates are worth at the moment. The current cash value is displayed at most post offices. And do check when you bought your "Grannies" - you may not want to miss out on your ten-year bonus by reinvesting just before it is due.

Of course, you'll need full details if you think you might want to reinvest. So please phone free on 0800 100 100 (24 hour service) and we'll send you the leaflets and prospectuses for both kinds of Certificate, together with an application form. Or ask at your post office. Should you decide to reinvest, just return the application form with your Certificates to the Savings Certificate Office, Durham DH99 1NS.

The choice is yours - no one else can decide what suits you best. But, whether you decide to stay put or reinvest, you can be sure that your money is absolutely safe, and that all your returns will be completely tax-free.



Handwritten text at the bottom of the page: "0800 100 100"

FINANCE & THE FAMILY

Will Dawkins on the best options for carrying and changing holiday money

Travellers' checks can save a packet

PACK YOUR wallet, and pack it carefully. That should be the sensible European traveller's first task in preparing for a summer holiday.

A great deal of your holiday enjoyment, and the price you pay for it, can depend on what methods of payment you choose and where and how you change your money.

Just how much a little basic cash planning matters was underlined by an exercise carried out by Beuc, the main EC consumers' organisation, in which a fictional traveller set out from Brussels on a European tour and changed money in each country en route.

He started out with Bfr 40,000 (\$615) in cash and returned to Belgium nine countries later with Bfr 21,300, nearly 47 per cent less than at the outset. Where had it gone? On paying foreign exchange commissions and an assortment of other transaction costs.

The moral, says Beuc, is that holidaymakers should not forget that money, like everything else, has a price.

Some of the guidelines that follow may help you avoid the traps that Beuc's experimental traveller encountered. There is no point in planning your departure as if it was a cross-frontier takeover bid, but a few moments of thought might avoid a headache later.

You need to start with some cash in your home currency and in the currency of your destination. The amount you take should only be limited by your fear of being robbed. But where to change it? The broad rule is that people living in countries with strong currencies will get a better deal if they buy weaker currencies abroad. The reverse happens for people in weak currency countries: they get more strong currencies for their money at

home than abroad.

That means Germans, for instance, will get more Drachmas for their D-Marks in Greece than at home, or that Britons should buy Escudos in Portugal rather than in the UK. The Portuguese, on the other hand, will get up to 25 per cent more D-Marks for their money at home than they would in Germany, claims Beuc.

Once you have decided in which country to change your money, the next choice is where. Broadly, Beuc believes that exchange rates between banks vary only a little in Denmark, Germany, Spain, Austria and Switzerland. But when in France and the UK, travellers should shop around because there are big differences between banks.

Wherever you change money, the main cost involved is the so-called spread, the difference between buying and selling rates. This varies nationally, but the rough guide is that cash costs more to change, attracting a charge of

between 2 per cent and 10 per cent, while cheques are cheaper, ranging from 0.1 per cent to 2 per cent.

The next step is to decide what kind of cheque would suit you best. They all carry an extra cost, of 1 per cent to 1.6 per cent of face value charged by the issuing bank, depending on what type you choose. The cheapest is not necessarily best, since they also offer different degrees of flexibility and security. The main choices are:

■ Travellers' cheques. These usually carry a 1 per cent commission charge and can be issued in most currencies, except for Drachma, Danish Kroner and Belgian Francs. If you go for a strong currency, that might protect you against shifts in exchange rates, but you will still be charged for changing them into local money. If you take cheques in the currency of your holiday spot, more shops will accept them, but you run a bigger risk of being stung by a poor exchange rate. All banks and money changers accept travel-

lers' cheques, they can be used to pay bills directly in the bigger hotels, and unused cheques can be resold at no charge to the issuing bank. So long as you report the theft, you are not liable if someone removes your cheques and goes on a spree.

■ Eurocheques. These are a common form of payment in Belgium, Germany, Luxembourg, the Netherlands, Austria and Switzerland and attract a 1.6 per cent charge per cheque, plus an annual fee for the bank guarantee card that comes with them. In many cases, Eurocheque cards can also be used in automatic cash dispensers. While more expensive than travellers' cheques, they are even more widely accepted, but must be written in local currency. Not all banks will agree to indemnify you against fraudulent use of stolen Eurocheques, so remember to keep your cheques and cards separate so that a thief would be unable to use them.

■ Post Office cheques. There is usually a small charge for

buying cheques and a guarantee card attached to a Post Office account, plus a 1 per cent commission on the face value of the cheque. In the UK, cards are free but cheques cost 25 for 10. Like Eurocheques, they have to be written in local currency, their convenience being that post offices tend to stay open longer than banks. This is a safe way of carrying money because you are indemnified against theft - so long as you tell the Post Office - and there is a limit on the daily amount which can be cashed.

■ Credit and charge cards are also useful, though Beuc does not advise you to bring one unless you already own a card, because the costs of applying for such a short period would outweigh the advantage of paying with plastic. If you are shopping around, however, bear in mind that cards are often not accepted in more rural areas. They also bear an exchange rate risk, in that there can be a delay of several days before your payment is translated from local currency into the currency in which you hold your card. That means you might end up paying slightly more than you thought if the currency in which the purchase was made goes up against your home currency during the delay.

Visa charges between 1 and 4 per cent for card cash withdrawals, depending on in which country the card was issued. The norm for Diners Club is 4 per cent - a lot more than travellers' cheques - and American Express usually charges 1 per cent, subject to a minimum fee. Cash advances by Eurocard are usually free.

Shop around for savings

"BE SMART, shop around, save money." That was the advice given by John Butcher, former Minister for Industry and Consumer Affairs recently to holiday makers and tourists seeking to change their money into foreign currency in Britain.

He noted that the rates charged by bureaux de change, travel agents and banks varied considerably. Monitoring by the Department of Trade and Industry had showed that many were failing to comply with a voluntary code of practice that they should display in

a clear and prominent manner their buying and selling rates for currencies and the commission charges.

As a result, the Government is planning to introduce regulations under the Consumer Protection Act in the autumn which will make it a criminal offence to give "misleading price indications" with a maximum fine of £2,000.

A spot check by the Financial Times in London showed that there was indeed a significant variation in charges to trap the unwary tourist in particular.

At the Covent Garden bureaux de change, one of four London branches operated by Town Tickets & Tours, the buying rate for currencies was displayed at 8 per cent of the value of the transaction - a very high rate by any standards. By comparison Thomas Cook the travel agents, charge 2 per cent (with a minimum of £2) for buying currency and 1 per cent (£1.25) for selling. The same rates are charged by its parent company, the Midland, and other clearing banks charge less.

John Edwards

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*Source: AITC and Planned Savings 30 June 1988

There's no such thing as a sure thing in investment, since you may lose your initial investment as share prices go down as well as up and past performance is no guarantee for the future.

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Name _____ Address _____

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GLOBE INVESTMENT TRUST PLC
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ACCEPTANCE	
Belgium	Bigger hotels; certain restaurants, shops (inconveniences: no Belgian franc TC, therefore charges on TC transactions). Widely, EC card - to establish network of ATMs later in 1988. Widely, especially major towns and tourist areas. (Inconveniences: limited cash withdrawal facilities).
Denmark	Hotels - frequently; shops - rarely. (Inconveniences: no Danish Kroner TC, therefore charges on TC transactions). Widely, except in shops. EC card in international ATMs of which there are 300 in the 'DK Konstanten' dispensers.
Germany	Luxury hotels; rarely in restaurants and shops. Widely, Post Offices also cash eurocheques. EC card in international ATMs of which there are 300.
Greece	Tourist areas. (Inconveniences: no Greek Drachma TC, therefore charges on TC transactions). Widely in tourist areas; shops less frequently than hotels.
Spain	Luxury hotels and tourist shops only. Widely in tourist areas. EC card in international ATMs, of which there are 200 in the 'Teibanco' network. Limited number of hotels and souvenir shops.
France	Widely in Paris and the Côte d'Azur; rarely elsewhere. To a limited extent. Some post offices cash eurocheques. EC card - to establish network of ATMs later in 1988. (Inconveniences: because of non-uniform system may be charged a commission on uniform cheques). Fairly widely, Visa more so than Eurocard or Diners Club. (Inconveniences: buying petrol may still be difficult).
Ireland	Widely By high and medium standard hotels, large shops and department stores. Widely, especially Visa.
Italy	Tourist areas. (Inconveniences: Lira TC are difficult to obtain and there are fixed charges on foreign currency cheques). Restaurants and hotels; sometimes in shops. EC card - to establish network of ATMs later in 1988. (Inconveniences: possible charges because of the non-uniform system in Italy). In larger towns. Visa and American Express are more useful.
Luxembourg	Similar to Belgium. Eurocheques can be cashed in Post Offices. Visa is more accepted than other cards.
Netherlands	To a limited extent.
Portugal	To a limited extent. (Inconveniences: no cash withdrawal facilities for Acoesa).
Switzerland	Rarely in restaurants and hotels - widely; in shops - rarely. EC card in 250 dispensers in a 'Multibanco' network. Tourist areas only. (Inconveniences: may have difficulty paying for petrol with cards)
United Kingdom	Occasionally by hotels, otherwise rarely. In tourist areas - widely; elsewhere - often. EC card in international ATMs for cash withdrawal, part of the Midland Bank network of dispensers of which there are 1100. Widely, especially credit cards, even off the beaten track.
Switzerland	Frequently Generally fairly well. In souvenir shops and large hotels.
Austria	Generally fairly well. EC card - intend to establish network ATMs later in 1988. Sometimes; credit cards more useful than charge cards.
Yugoslavia	Frequently in tourist areas. For each in post office. In tourist areas only; charge cards more so than credit cards.

AUGUST IS the peak month for British tournament chess. The annual Kliegworth Benson British Championships, which include national titles for women and juniors, start at Blackpool on Monday August 1 and continue until August 13.

The Lloyds Bank Masters will be played at the Ramada Inn, West London, on August 20-29, incorporating the Commonwealth championship. Entries for Lloyds Bank 1988 include a Russian contingent led by the former world champion Vasily Smyslov.

The August programme is enhanced by the Pilkington Glass world title quarter-final match between Nigel Short and Jonathan Speelman, scheduled for the Barbican Centre, London, between August 17 and 25. Short, ranked world no. 3, and Speelman, no. 5, meet in a six-game series to decide who qualifies for the semi-final in the battle for Gary Kasparov's crown. Spectator tickets at £5 per day or £25 for the entire match are bookable in advance from 01-638 4141.

Short and Speelman will be unable to compete in the British Championship because of the proximity of their match, neither will world no. 10 John Nunn who is Short's coach for his world title campaign. Despite these enforced absences, the 11-round tournament at Blackpool has an impressive entry of grandmasters and rising young masters. Murray Chandler, who is ranked world no. 18 but has yet to win the British title, is top seed but will have no easy title. His opponents include the leading players of India, Australia and Bangladesh as well

Chess

as home experts close to the GM title.

Nigel Short made his name in the 1977 British championship, when, aged 12, he beat the ten-time champion Jonathan Penrose, and in 1979 when he tied for first place at age 14. The 1988 contest also has its array of ambitious juniors.

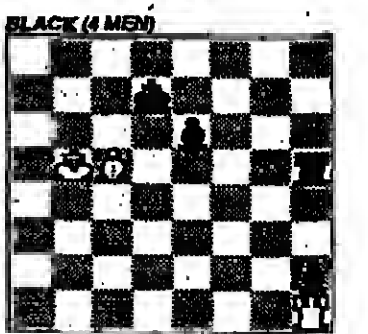
James Howell, 21, the Oxford University top board, was recently winner of the strong Oakham International; David Norwood, 19, who goes to Oxford this autumn, is the best player in the North-West; while Michael Adams, 16, is the world's youngest international master already with a win and a draw against Kasparov in simultaneous matches.

Most formidable of all the younger contingent is Viswanathan Anand, 18. He is seeded no. 2 behind Chandler and is already reigning men's champion of India and junior champion of the world. Anand has already displayed his outstanding talent to British audiences at Lloyds Bank where last year he was a high prizewinner. He is among the fastest players on the world circuit and often takes well under an hour of the three hours allowed for an entire game. In this week's game his opponent adopts a dubious opening variation (9... B-K2 is better than F-QN4) followed by premature queen advance (16... P-K4 instead of Q-K6). Anand swiftly breaks down the defences and forces an early resignation. Watch out for this young man;

he is likely to become Asia's best chess player.

White: V. Anand, Black: S. Ganesan.
 Sicilian Defence (Indian championship 1988)
 1 P-K4, P-QB4; 2 N-KB3, N-QB3; 3 P-Q4, P-P; 4 Nxf3, N-KB3; 5 N-QB3, P-Q3; 6 B-KN5, P-K3; 7 Q-Q2, P-QR3; 8 O-O, B-Q2; 9 P-B4, P-QN3; 10 BxN, PxB; 11 NxN, BxN; 12 Q-R1, B-K2; 13 B-Q3, Q-N3; 14 K-N1, P-N5; 15 N-K2, P-QR4; 16 P-B5, Q-K6; 17 Pxf3, Pxf3; 18 R-KL1, Q-B4; 19 N-B4, B-Q2; 20 Q-R2, P-R3; 21 B-B4, P-R6; 22 Bxf3, B-N4; 23 N-Q3, Pxf3; 24 R-B5, Resigns. If Q-N3; 25 Q-R5 ch wins a bishop.

PROBLEM No. 733



WHITE (MEN)
 Kholmov v. Ehlvest, USSR championship semi-final 1983. With White to move, how should the game go? The black pawn ties down the white rook, while White's own free pawn is held by the black king. It looks an easy point for Black, but the answer depends on a hidden finesse which will test even expert solvers.
 Solution Page XVII

Leonard Barden

This advertisement is issued in compliance with the Regulations of The Stock Exchange.

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(Incorporated in England under the Building Societies Act 1874)

Placing of £20,000,000 11½ per cent Bonds due 7th August, 1989.

Listing for the bonds has been granted by the Council of The Stock Exchange. Listing Particulars in relation to Nationwide Anglia Building Society are available in the Extel Statistical Services. Copies may be collected from Companies Announcements Office, 46-50 Finsbury Square, London EC2A 1DD until 2nd August, 1988 and until 15th August, 1988 from:-

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 34-40 Ludgate Hill,
 London EC4M 7JT

Rowe & Pitman Ltd.,
 1 Finsbury Avenue,
 London EC2M 2PA

30th July, 1988

FINANCE & THE FAMILY

Revenue unlikely to tax spouse's gift

I understand that from April 1990 my wife will have an entitlement to a capital gains tax-free band. I assume that I could benefit from this by transferring assets to her that she can sell at a profit.

However, I believe that the Inland Revenue has powers to set aside arrangements of this kind if it judges them to be set up artificially for the specific purpose of tax avoidance. Do you consider it likely that the IR would set aside arrangements of the kind described above?

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries should be answered by post as soon as possible.

The Inland Revenue is unlikely to attack bona fide gifts between spouses. Obviously there must be no arrangement that the recipient will sell the assets soon after they have been transferred to her or him, and the donor must not expect to obtain any benefit from the proceeds of any eventual sale which the recipient might decide to make.

If, for example, it is customary for you and your wife to account upon which either may draw upon alone, why not transfer assets into joint names as an alternative to outright gifts?

Clause 33 of the Finance (No 2) Bill, published on April 14, provides that, from 1990-91 onwards, subject to the following provisions of this section, income arising from property held in the names of a husband and his wife shall, for the purposes of income tax, be regarded as income to which they are beneficially entitled in equal shares.

next door was filled-in about 18 years ago.

My cellar is starting to create an extremely unpleasant smell and the problem clearly needs to be dealt with. Does the local authority environmental health department or the water board have legal responsibility to assist me?

We think that you should consult a solicitor. While you might get some initial help from the environmental health department, it seems likely you will need an expert survey. The water authority will not become involved in such a situation. You will probably need to consider obtaining an injunction requiring your neighbour to abate the nuisance caused by the seepage of water from his property to yours.

Claim on estate

My husband and his brother are co-executors and beneficiaries to their late father's will. Before he died, my father-in-law was already sorting out all the legal details of dividing the estate upon his death and had then engaged a firm of solicitors to deal with it all.

The solicitors were engaged to deal with the sale of the house, collection of all monies, payments of all debts, calculation and payment of all taxes to do with the estate, the distribution of money left out of it towards the beneficiaries, and so on.

My father-in-law died eight years ago. Now, we are still being pestered to pay Capital Transfer Tax to do with the latefather's estate. Surely the solicitors were at fault and they should pay? After all, they knew how to take a vast chunk of the money out of the estate to pay themselves for their services.

If the solicitors were at fault you would have to take separate proceedings against them. That would not absolve them, estate from its tax liability, however, and the beneficiaries will have to pay any tax which is due. If the amount of tax payable has been increased because of the solicitors' handling of the estate there might possibly be a ground for claiming the amount of the increase from the solicitors; but that is difficult to establish.

No relief on CGT

In 1982, together with some colleagues, I set up a business which traded as a private company until August 1987. At that time we decided to sell the business to a well known public company which had expressed an interest in acquiring us. In exchange for our shareholding in the business, we received a consideration in the form of shares in the purchasing company and in loan stock. No CGT was payable at the time of the transaction as a disposal of shares was not deemed to have taken place.

I am now considering leaving my current employment with the intention of becoming self-employed and purchasing a property solely for the pur-

pose of a holiday letting business. However, in order to acquire a property, I would need to sell a proportion of my consideration received from the sale of the business referred to above (at least £40,000). I would be grateful if you could advise me whether or not rollover relief on the CGT would be applicable in such a situation.

Unfortunately the answer is NO. You can confirm this unwelcome news by asking your tax inspector for the free pamphlet CGT(1986) - Capital Gains Tax and the Small Businessman. At the same time, you may like to ask for one or more of the following free pamphlets:

- IR24(1986) - Class 4 national insurance contributions
 - IR28(1986) - Starting in business
 - IR57(1986) - Thinking of working for yourself?
 - IR72(1987) - Inland Revenue investigations: the examination of business accounts.
- As you probably know, the calculation of your prospective chargeable gain depends upon (among other things):
1. When you subscribed for the shares in 1982;
 - before April
 - in the first five days of April; or
 - after April 5.
 2. The market values (on the quarter-up basis) of the PLC's shares and loan stock on the first day of dealing on The Stock Exchange after the take-

over.

3. Whether the loan stock is a "corporate bond" as defined in section 64(2) of the Finance Act 1984.

Striking a sour note

My son is a professional pianist earning his living partly from performance and partly from teaching. He lives on the top floor of a block of flats in London.

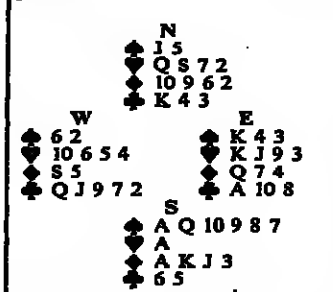
The ground landlord is building a penthouse immediately above.

This has disrupted his work over a long period. He cannot practise because of the noise except at weekends and he cannot give lessons. He travels daily to my address to practise, but the lessons are lost.

Can he claim compensation from the landlord for travel costs, loss of income from lessons, and loss of use of his flat all week?

It would be necessary to examine carefully the terms of your son's lease and the factual history of the building works to ascertain whether any claim could be made. The principal case dealing with this kind of situation is *Andreas v. Selridge* (1983) Ch. 1. Your son should consult a solicitor, as it may well be that no claim at all can be made.

THE FIRST hand comes from a recent session of duplicate pairs:

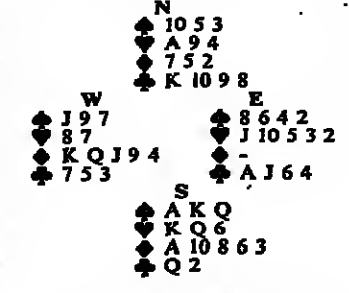


Bridge

win - otherwise he would lose his queen - and returned a heart. South won, crossed to the nine of diamonds, returned the knave of spades, and ran it when East played low. When the knave held, declarer ruffed a heart, drew East's king of spades, and claimed his contract.

An Oscar to South - a most fascinating concept.

For the second hand we turn to rubber bridge:



North dealt at game all, and started with two no trumps. North raised to three, and that concluded the brief auction. West's opening lead was the king of diamonds.

When East discarded the two of hearts, South won in hand. He had seven tricks on top, and he felt sure that clubs would provide the extra two, which he needed for contract. He at once played the queen of clubs, and this was allowed to hold. He continued with the

two, finessed the 10 in dummy, and lost to the knave. East returned a spade, and the declarer, with no second entry to the table, finished up with only eight tricks.

Let us replay the hand. We win the king of diamonds as before, and realise that only clubs can provide the two tricks we need for contract. The club queen seems the obvious card to play - I am certain that many declarers would settle for the queen - but we are alive to a possible duck, and know that dummy has only one entry. In case East holds both ace and knave, we lead not the queen, but the two, and finesse dummy's 10. It does not help East to withhold his knave, so he takes, and leads a spade. We win in hand, play the club queen, and overtake with dummy's king. If East wins our two tricks already to be collected; if he plays low, we continue with the 10, and the contract is assured.

E.P.C. Cotter

COMMERCIAL PROPERTY

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A leak in the cellar

I own a house in a terrace built late in the 1800s. The property has a cellar which, until about 10 months ago, was reasonably dry. Then, small puddles of water began to appear and the situation has deteriorated until today most of the floor is covered by water.

My plumber believes the source of the problem to be a broken pipe under my neighbour's house. This property is on a slightly higher ground and with the plaster and brickwork of the dividing wall showing clear signs of water penetration, I have every reason to agree. It is not possible, however, to check this suggested cause as the cellar

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	netto tonnage	997.81 ton
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	motor capacity	6,000 HP CV A 515 T.M.

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TRAVEL & MOTORING

Just a week in Poland

THE POLISH Airlines flight to Warsaw passed smoothly and uneventfully; the shanigans started on arrival at the airport. There was a guide waiting unobtrusively in the arrivals hall, but she made no attempt to announce her presence...

By this means we eventually came together and spotted our guide, only to be told that the advertised itinerary had been altered. Instead of dining and overnighting in Warsaw, we were immediately to travel through the night to Krakow.

Rebellion ensued, led by a formidable septuagenarian Anna Walentynowicz-figure from London SE5, who threatened immediate strike action if our demands were not met.

From then on things went more smoothly, though the tour organisation was never outstanding. One did not have to share the faith of the pilgrims at Poland's holiest shrine, Jasna Gora (Hill of Light), to be moved by the beauty of the monastic stronghold.

Two slashes on her cheek were, according to legend, inflicted by an enraged Tartar who felt the painting getting heavier as he tried to steal it. Czestochowa is the clearest reminder of the way Catholicism has nursed Polish nationalism, guarding the Poles' separate identity from their orthodox Russian or Protestant Prussian oppressors.

Krakow, formerly Poland's capital until it was moved to Warsaw in 1611, is the only large Polish city to have escaped devastation in the last war. It remains in many ways Poland's tourist capital, the mainly renaissance-style castle containing priceless 16th century Flemish tapestries and the jagged 'Szczerbiec' coronation sword of 14th century vintage.

Our package included an optional visit to Oswiecim - Auschwitz. The road signs guiding visitors to the former death camp always refer to 'Auschwitz' as if to emphasise the German origin of the horror with which the place is associated.

Most of Poland is flat, but the southern edge bordering Czechoslovakia offers a distinctly Helvetic, pine-clad contrast. The Tatras mountains do indeed soar majestically. The air is indeed fresh and sweet. For a highlight of the tour was the walk along the remote mountain road to Morska Oko, 'the eye of the sea', one of Europe's deepest and stillest mountain lakes.

The winter sport resort of Zakopane is the main touring centre for the Tatras; here Poland's wealthiest, more privileged citizens buy themselves highly individual, sometimes axotically-shaped wooden dachas whose prices would not disgrace England's home counties. Though Zakopane attracts an international clientele, the sunny pavement cafes sell only 'sok', a sticky and ubiquitous soft fruit drink. But if you want tourist bloat, this is the place.

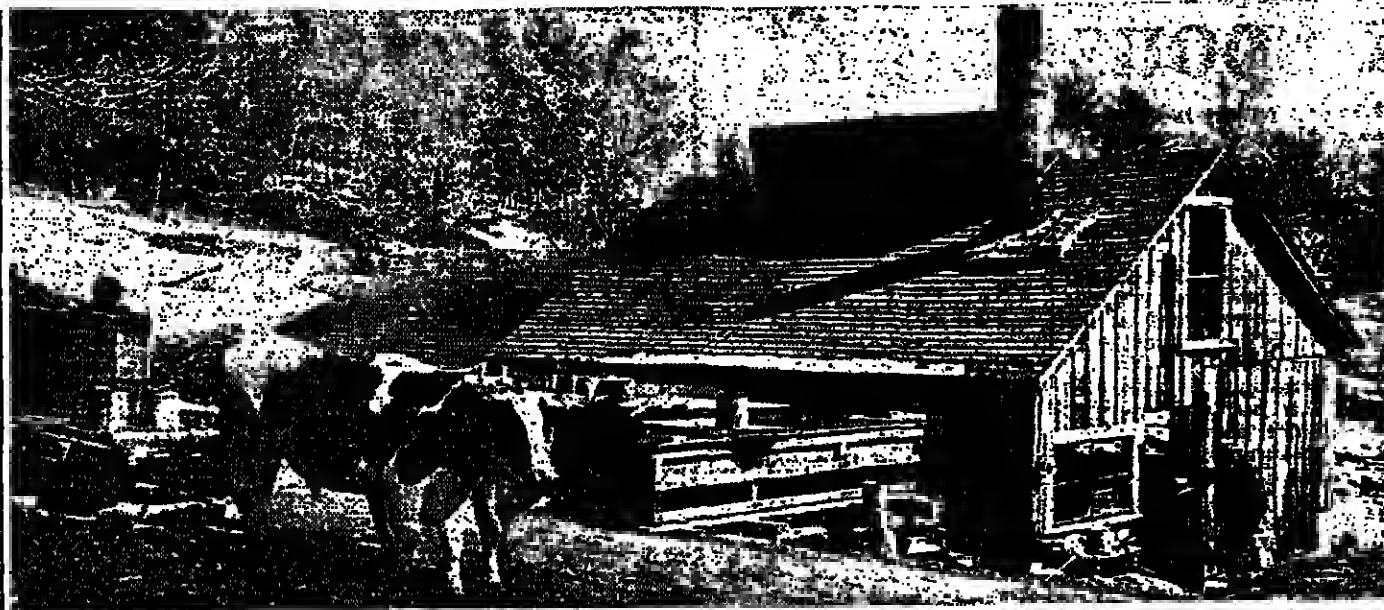
And so to Warsaw. Since the total destruction of the last war Warsaw has been carefully resurrected, with the old town in particular an architectural replica of its former self. But the essence of its glory has all too palpably departed, and so has the vitality of pre-war Warsaw.

A housing estate stands where the ghetto once stood; now all that recalls the Jewish travails is the memorial to Mordechai Anielewicz and the hopeless last-ditch uprising he led.

On a mundane level, the trip provided reasonable value for money. Accommodation ranged from the very good - the Holiday Inn at Krakow - to the inappropriately named Grand Hotel in Warsaw, with its traditional East European deficiencies.

Food was substantial but dull; it was worth braving the loss from the organised group and eating independently. For ridiculous low prices one could feast on herring or jellied carp with rye bread, gherkins, duck or venison.

David Rudnick



Traditional maple sugaring takes place in New Hampshire from late February through to early April

'BLACK FLIES? Hell, the ones we've got are so big they'll chew through your pullover.' Local livestock of the flying, swimming and creepy-crawling variety are never far away from travellers in New England.

You gotta try the clambake

Nick Garnett takes his tastebuds on a tour of New England

May was wet in Vermont and the flies hatched in force that month and then disappeared. The storekeeper in the sleepy hollow town of Grafton was talking about what was still buzzing around only in the marshes. In June and July, when we were on the road, there was little sign of this unpleasant local inhabitant.

Touring in New England gives you a taste of the US but with European-scale mileages. There are none of those bunnymunching distances as in other parts of North America that lead to premature exhaustion in a tacky neon motor lodge.

There are lots of touring routes to choose from in the far north-east of the US. The one we opted for took us west from Boston along the pretty Mohawk Trail to the Berkshire Hills in western Massachusetts. Then up through the almost-too-quiet villages of Vermont to the massive and soothing Lake Champlain.

From there we wished east again to the White Mountains and the large and very blue lakes of New Hampshire before a four-night stop in Boston. Then on to Cape Cod's windswept dunes, fishing villages and mega homes of the rich, and the ferry ride to Martha's Vineyard. Alternatives would be a drive up the coast of Maine or a stay at Newport, Rhode Island.

All this amounted to a leisurely 1,400 miles of lovely scenery, mountain cog railways, cable cars, lake steamers and car ferries, deserted beaches and some very pleasant moorland scenery.

THE ECHOING cries of aerobic jacksaws bounced back and forth from rock to grey rock below me. Dark, wind-stunted yew trees crouched like cloaked infidels among the shimmering white beams that spread over the steep slopes, and clusters of Cheddar pinks clung to impossible limestone ledges. A late badger snuffled along the path towards home, while on the far side of the gorge a fox trotted confidently among thyme-covered anthills.

The new sun lifted lazily above the distant hills, spreading warmth and gilding light into the rocky abyss. Its rays began to disperse the wraiths of mist which lay over the flat moors of the Somerset Levels below, until hitherto trunkless trees were once more reassuringly anchored to the peaty soil.

Even in high summer, an early walk along the rim of Cheddar Gorge can beat the crowds and bring together views of both the high dry hills and the low wetlands that make up the landscape of north Somerset. In some ways the contrast is absolute, in others complementary for the several moors give to the steep southern scarp of the Mendip plateau a drama that their height hardly deserves.

The highest point is Blackdown at just over 1,000ft, and here the top of the original limestone hump has been worn away to reveal the old red sandstone beneath. Instead of lime-rich fields, heather and bracken grow on dark peat.

Mounds which suggest ancient burial grounds are misleading. Most of them are the remains of a fine town set up here to fool the Luftwaffe or to prevent a glider-borne invasion. But do not be disappointed, for rich history is not far away.

ant towns and resort centres. Accommodation is whatever you want, from \$30-a-night forest cabins and motel rooms to \$35-a-room colonial-style guest houses.

The slightly down-at-heel Mount Washington Hotel at Bretton Woods will set you back \$100 per person per night, but the monstrous pile that is lit up at night like a cruise liner reeks with atmosphere.

Food is a Big Thing in New England and the variety is greater than in most parts of the US. There's all the usual food-stop grub, from Linguica sausages and giant stacks of strawberry pancakes for breakfast to a slice of lemon Zinger cake at any time.

Local fresh food abounds. A large plate-full of fist-sized strawberries with yoghurt set us back just \$1.40 in a student cafe at Williamstown. Half-pound of giant shrimps to go at \$3.50 is what you pay at a waterfront deli on Lake Champlain.

If you like seafood, you are made. The Fish Pier in Boston has some noted eateries, and you can goggle at the bleating vulture-sized seagulls feeding from the garbage cans. This gang of scavengers could be the world's laziest, most debauched birds.

Some inhabitants of Cape Cod are distant descendants of the Portuguese and there is some good cooking down there, so why not go on a food bender? A dinner of clambake and stuffed flourider in a waterfront clapperboard followed by a breakfast of buttered rings and honey-covered crullers from Dunkin' Donut? Fabulous!

Eating in the US brings you face to face with the great health divide. The beer bottles that, there are gorgeous places to stay, like Williamstown, Wolfboro on Lake Winnepesaukee, Eismouth and the over-the-top resort of Foxboro town on Cape Cod. Burlington on Lake Champlain hardly gets a mention in most guides but we had an unforgettable evening there watching a spectacular sunset across Lake Champlain after an open-air fish meal next to the railway tracks. It sounds crazy but it's different.

The cog railway up Mount Washington is a must, especially if you have children with you. If it is so foggy at the top that you can't see your hand in front of your face, and so cold that your fingers nearly drop off extracting a Durkin from your smorak (both elements of weather are the norm up there) then so much the better.

New England is full of the historical sites where the Brits came a cropper during the Revolution, and of museums, cultural centres and homes of once-famous men and women. But do you go to the States for that? North east of Boston is the community of Salem where a dozen or so people were tortured, pressed and burnt to death in a localised outbreak of witch-hunting at the end of the 17th century. But Salem itself is being overrun by new building construction. You would be better off taking a drive around Cape Ann.

If you want to do something on the historical side, try hiring a bike (Taiwanese-made and weighing a ton) on Martha's Vineyard and cycle on to the bridge at Chappaquiddick where Edward Kennedy's prospects of the presidency ended. The fall (for the folks) and the winter (for skiing) are the best times to go to New England, but the summer is green, warm and lovely.

One bit of advice: don't bother with the pre-paid motel vouchers. They are more expensive than paying direct. They can also spoil that free-wheeling easy going, on-the-road holiday that you can get nowhere but in the US. The difference is that in New England there will always be a place around the next bend where you can pick up a bag of cranberry and walnut fudge clusters.

Guide books will tell you how pretty the villages of New England are, and they are. There are some with names like The Nutmeg, Gray Ghost, Cranberry Moose and the Orange Pumpkin, immaculate greens, foliage as far as you can see and little league baseball in the parks.

But the villages and small towns can also be an irritant. After a while they all begin to look the same. New buildings are put up in a contrived, toy town, old-style architecture that apes the originals and makes them look like outposts of Disneyland. Having said

that, there are gorgeous places to stay, like Williamstown, Wolfboro on Lake Winnepesaukee, Eismouth and the over-the-top resort of Foxboro town on Cape Cod. Burlington on Lake Champlain hardly gets a mention in most guides but we had an unforgettable evening there watching a spectacular sunset across Lake Champlain after an open-air fish meal next to the railway tracks. It sounds crazy but it's different.

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Question of balance

Stuart Marshall on the 'unstable' Suzuki Jeep

CRITICISING a consumer protection organisation is seen as a bit like brawling in church, but I really have little sympathy with the Consumer Association's complaint that the Suzuki SJ Jeep topples over in extreme circumstances.

Of course it will. So would any other high-riding machine built for off-road use if you pushed it hard enough. A vehicle with a high centre of gravity cannot possibly be as stable in violent manoeuvres as a low-riding car.

I have driven Suzukis on and off the road many times in the last five years or so. Across rough country, I have found them nimble and long suffering. On the road, they are noisier, thirstier and less com-

fortable than a proper car, but perfectly safe, providing you remember you are driving an on-off road car, not a super-mini.

It is an old-fashioned view, but surely consumers have responsibilities as well as rights. Any firm making a genuinely dangerous product deserves to be hounded into bankruptcy and probably would be. But anyone throwing a Suzuki Jeep around as though it were a sports car (or even a normal family car) should not be surprised if it falls over. They would find a two-wheel driven supermini equally unstable on a ridged farm track, inches deep in mud.

What I find hard to understand is why so many people

buy Suzukis to use as cars and never venture off tarmac. They must be as suitable for shopping, school runs or commuting as hounded boots in Bond Street.

Commenting on the Consumer Association's claim that the Suzuki will roll over when swerving violently to avoid an obstacle, the Department of Transport says: 'There is little evidence to show they are any more at risk in real-life conditions than other vehicles in this country. Good defensive driving techniques should always be adopted so that violent swerves and any risk of instability can be avoided.'

Quite. Perhaps a sticker on the fascia saying: 'Remember this is a four-wheel drive, not a Ferrari' would be a good idea.

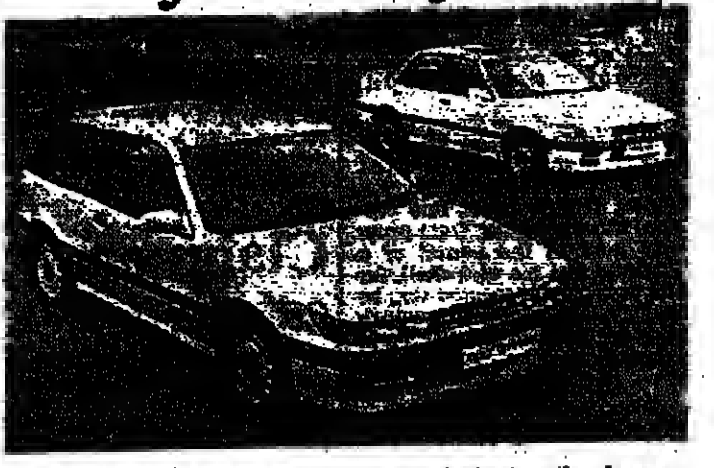
An agreeably frisky Colt

SURPRISINGLY, the new Mitsubishi Colt hatchback (in the foreground) and the Lancer saloon are really the same cars. The only difference, bodywork excepted, is that the saloon has nearly 4 hrs (10 cm) more wheelbase - a foot (30 cm) longer and gives back seat passengers more leg and headroom.

They used to be quite distinct models; the Colt a substantial supermini, the Lancer in the next size class up. To complicate things, the former Lancer estate car remains on offer because there is no load carrying version of the new one. And if you want a five-door Colt, that also has to be the current model.

The new Colt is a three-door hatchback which manages to be less of a computer designed clone than some of its rivals. It has a Mitsubishi family look about it, with a downspout bonnet, good aerodynamics and a large tailgate opening right down to the bumper.

For family motorists, there are 1.5 litre, 68.3 horsepower and 1.5 litre, 73.7 horsepower engines. Those wanting higher performance can have a 16 valve 1.6 litre putting out 123 horsepower. All Colts have a slick five-speed manual gearbox. The Lancer saloons use only the 1.5 or 1.6 litre 16V engines. Automatic transmission is an optional extra confined to the 1.5 litre Lancer.



Very sensibly, Mitsubishi fit the fat tyred 16 valve cars with power steering as standard, but it is a 3285 option throughout the range. Prices start at \$2,789 for the Colt 1500GL and go up to \$21,379 for the Lancer GL16V. All the new cars, the 16 valve models included, will run on lead free fuel.

Even the least expensive Colts and Lancers have decent radio/tape players, height and reach adjustable steering wheels, rear window wash-wipes, interior tailgate and fuel filler releases, rear seat heater ducts, digital quartz clocks and low fuel warning lights. Things such as powered windows, exterior mirrors and sunroofs are standard on the 16 valve cars.

and can be had on the cheaper models if you pay extra. They are agreeable cars to drive, with large instruments (dashboards in white, thank goodness, not semi-invisible orange), light controls and comfortable seats. The 16 valve Colt is a particularly vigorous performer. On the autobahn this week I found it easily held 110 mph/177 kmh with power in hand but was equally happy to pull fifth gear through valleys at 30 mph/48 kmh.

Like all Mitsubishi passenger cars, the new Colts and Lancers are covered by a free three-year unlimited mileage warranty.

S.M

Quiet beauty of the moors

An early walk along the rim of Cheddar Gorge can beat the crowds

THE ECHOING cries of aerobic jacksaws bounced back and forth from rock to grey rock below me. Dark, wind-stunted yew trees crouched like cloaked infidels among the shimmering white beams that spread over the steep slopes, and clusters of Cheddar pinks clung to impossible limestone ledges. A late badger snuffled along the path towards home, while on the far side of the gorge a fox trotted confidently among thyme-covered anthills.

The new sun lifted lazily above the distant hills, spreading warmth and gilding light into the rocky abyss. Its rays began to disperse the wraiths of mist which lay over the flat moors of the Somerset Levels below, until hitherto trunkless trees were once more reassuringly anchored to the peaty soil.

Even in high summer, an early walk along the rim of Cheddar Gorge can beat the crowds and bring together views of both the high dry hills and the low wetlands that make up the landscape of north Somerset. In some ways the contrast is absolute, in others complementary for the several moors give to the steep southern scarp of the Mendip plateau a drama that their height hardly deserves.

The highest point is Blackdown at just over 1,000ft, and here the top of the original limestone hump has been worn away to reveal the old red sandstone beneath. Instead of lime-rich fields, heather and bracken grow on dark peat.

Mounds which suggest ancient burial grounds are misleading. Most of them are the remains of a fine town set up here to fool the Luftwaffe or to prevent a glider-borne invasion. But do not be disappointed, for rich history is not far away.

The Mendip village of Priddy, famous for its sheep fair, has its Nine Barrows and

its mysterious circles - remnants left by Bronze Age man and precursor of those who have continued to exploit these hills for their mineral wealth. The Romans mined lead here and a single ingot is on display in King John's Hunting Lodge museum in the quaint market town of Axbridge.

At Priddy and at Charterhouse there were extensive workings which led to the establishment of large settlements, traces of which can still be seen. But the Romans were wasteful smelters, and more recent leadminers using contemporary methods have remelted the Roman slagheaps. The 'flumes' they used to trap

lead-rich snot can be found at both sites. Priddy lies in the heart of caving country, and much of the water that re-emerges in the Cheddar Valley disappears underground close to the village. For those who enjoy pot-holing there is excellent sport to be had in the 80 miles of passages under Mendip, while for the more sedate there are fine show caves at Wookey Hole and Cheddar Gorge. At the latter I found a good opportunity to taste the sport by taking part in one of their adventure caving trips.

The Mendip Plateau is excellent for walking, and there are numerous footpaths. I especially enjoyed exploring the open expanse of Blackdown before dropping down into Burlington Combe, a sort of tame Cheddar Gorge. Crook Peak, towards the western end of the range of hills, has a gently sloping spur to take you easily to its rocky summit.

If you are a more dedicated walker, though, you can take the West Mendip Way from

Weston-super-Mare to Wells. Horse riding is a popular method of exploring the area, especially as large parts of these hills are open commons. The Mendips are notable in other ways. There are nature trails at Ebbor Gorge near Wookey and in the Somerset Trust nature reserves in Cheddar Gorge. Among other mammals, dormice live in these hazel woodlands and are currently the subject of a study funded through the World Wildlife Fund by Heinz. Lime-stone flowers flourish on the dry rocky slopes, while specialities of lead-pollinated ground-mellets, such as spring sandwort and bladder campion, grow on the

old workings at Priddy. The Mendips do become crowded, especially on high days and holidays, and then is the time to escape southwards to the Levels. Travelling down onto these flat peat moors is likemoving onto a giant sponge. There is an overwhelming feeling that you may be swallowed up at any moment.

Some find these damp, misty moors a sombre and depressing place, but I enjoy their quiet beauty. The tranquil waterways, lined with pollarded willows, are one of the last strongholds of the otter in the south of England, while the vegetation on this acid peat is quite different from that of the lime-rich hills to the north.

Royal fern grows here, together with a wealth of meadow flowers. In the unimproved hay fields, silver birches are a common sight and bracken and heather can be found beside the tracks or droves that criss-cross the Levels. Insects abound, for the rhynes and pools are ideal breeding grounds for numer-

ous dragon flies and damselflies; 22 species of butterfly live here, too. Fortunately, walking is easy on the Levels for the land is flat and, together with the public footpaths, it is possible to walk along the droves, although these are not official rights of way. Archaeological excavations have proved that travel on the Levels was even more difficult in the past, and a variety of methods for reinforcing the soft peat for foot traffic have been discovered. Examples for these can be seen in reconstructed form at the Peat Moors visitor centre at Westbury.

Late spring evenings are often beautiful here, and I can well recall wandering quietly through a jumble of peat diggings towards home. The sun had set, but the sky to the west was still bright. An early owl hooded from a bunch of alders close by and a jayon peewit called from across the fields.

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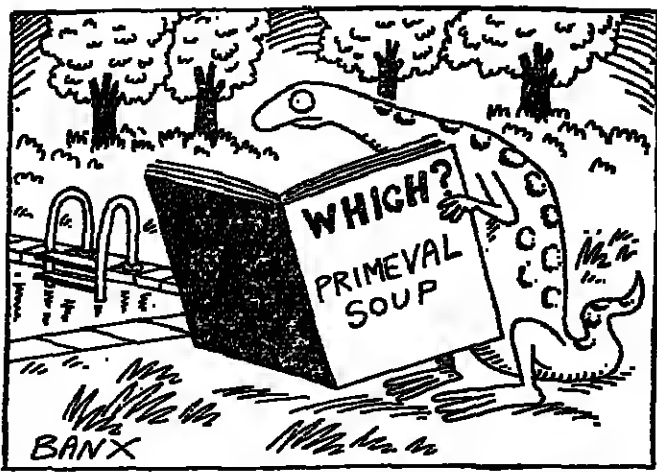
GARDENING

There's a newt in my soup

Robin Lane Fox finds problem guests in his primeval pool

SUN BATHERS will hate to be told that this summer is suiting new gardens like my own: everything planted in spring is growing furiously and the intervening weeds pull out quite easily. To let them have their own back, I will discuss the swimming-pool instead. It is now a year since we built ours. I have had two swims since, which work out on simple accounting at about £2,600 each - not very cheap if you allow for the fact that one of them was in pouring rain. The family has splashed about more often, but I think it was an omen that the first child to jump into the thing promptly started a nose-bleed with shock on hitting the water. It is that sort of thing that is anything wrong with the equipment. Quite a few of you wanted to know how we planned to keep it warm. For occasional use, twice yearly in fact, a heat pump seemed too continuous and too expensive. We opted for an outdoor boiler, which we could run on gas or oil. The laying of the gas-pipe is a saga for another week, because I have not yet recovered from it and it nearly cost us our best cherry-tree. The boiler we chose works admirably, and I recommend it for a sudden weekend blast, it is a Teledyne Learns model, available through Norcal Engineering of Crawley, Sussex, which also supplies a very reliable filter and pump. It pays to have a big boiler

for a brief, big blast. This type is cheap to control and it has a supreme merit of standing outdoors all winter, without protection, and starting in spring when you switch it on. If only water behaved so well, I have been beset by pool-observers, enthusiasts and haters since first writing on the subject, but the most effective was the man who told me not to bother to put on the winter cover in winter. Perhaps we all believe the advice which we most want to hear. The winter cover required tent-pegs to be drilled into the newly-laid paving in order to hold it. I had had enough. We had just had Black Monday, and it seemed quite likely that we would all be wanting to jump into the pool, rather than cover it up. As a result, the pool had green December, dark green February, very dark green April, and black July. It is amazing how the fluff of a sycamore tree can blow under a floating summer cover and join last autumn's leaves and the spring mowing of the long grass. There is only one word for the result: primeval. Green strings of algae have been floating in pitch black water, like magnified coils of DNA. A



monse or two had taken a wrong turning after a night out and were to be found floating, stomach upwards. There were signs of young mosquitoes on the hatch. None of this mess would have happened if the pool had been wintered and winter-covered. I had been so obsessed with the Pool Builders' Handbook that I had ignored the Pool Owners' Handbook, which tells you to put slow-acting pills of chlorine in the water in late autumn. There were various ways of

correcting the confusion, and they have taken me three attempts and my spare evenings for a month. If you know a swimming-pool owner, respect him for all sorts of odd knowledge: how to close main drains, how to prime a pump, and how to do something called 'vacuum to waste', which is not quite what we all do after a heavy weekend lunch. Pool owners also acquire a new insight into the facts of life. I know this dark green water, I suddenly realise: it is

weeding? Why 12? Why only in a pool? Well, of course, assure me that they were all coming home from their Christmas party, lost their way and slipped, because they were pissed. It is one of the advantages of academic life that you can meet experts on anything, so I have asked the evolutionists instead. They are quite sure it is not spontaneous creation, but they are not sure exactly what happened. The literature on newts is not very great. On balance, they think that they arrived on foot. Now, I know they are supposed to be amphibious, but has any gardener, while sober, ever seen a newt on the move? Sing, of course, hedgehogs, naturally: wassels, voles and even a roe deer, jumping one fence like a steeplechaser, changing legs and elegantly jumping out over the other. But a newt never. They must have walked an extremely long way, as the only stream is far downhill and the pool is not exactly obvious. Did they fall into it, under the influence? Or did they fall in? I don't know. There has been one other theory. Visiting children, fresh from GCSE, assure me that newts are carried by birds and that mine have been dropped from the sky or the trees. I cannot believe them. Have you ever been hit by a newt while

Castor oil is to blame

THE THORN apple seeding cost me 50p at a charity garden sale. The label said only Datura but when I asked for the specific name, the lady behind the stall gave me a withering glance and turned to serve the next ignoramus in the queue. On my way home I bumped into the Nature Conservancy Council warden who stared incredulously at my purchase. Did I know it was a noxious weed? I did not. I scuttled off guiltily to hide my acquisition in the herbaceous border where it rewarded me with a dismal funnel-shaped flower. But my curiosity was satisfied: the enemy now had a face. There is something awesome about meeting botanical murder weapons in the flesh, so to speak. Hembane was my acquaintance. The Guinness Book of Plant Facts and Feats describes hembane as "an evil plant that thrives on human garbage, offal, and other unpleasantnesses." I chanced upon it growing on a farmyard dump in the sandhills. According to the Botanical Society of the British Isles, this was the first time hembane had been recorded in my "square" for 38 years. It has not appeared since, and may never show again because the sand dune is being eroded taking with it all trace of the plant. Dr Crippen employed to dispatch his wife. Perhaps it is the knowledge of its toxic qualities that makes me preoccupied but somehow hembane actually looks a bit suspect; you cannot imagine anyone eating it accidentally, however closely the roots are said to resemble chervil. The umbellifers, on the other hand, seem designed to trip up the adventurous cook keen to experiment with wild crops. This family includes a whole load of trusted herbs and vegetables - parsley, chervil, celery, parsnip and carrot among them - which lulls you into believing that anything with a head of tiny white flowers is edible. Hemlock is an umbellifer, too. Socrates was forced to commit suicide by drinking hemlock in 399 BC. Hemlock water dropwort is just as lethal, possessing roots with a deceptive smell. But one man's poison is meat to something else. Rabbits are immune to

the effects of deadly nightshade provided they do not overdose, and Colorado beetle larvae thrive on it. Eighteenth century ladies gleefully squirted the juice into their eyes - dilated pupils were considered most attractive - so deadly nightshade earned its other name of belladonna, beautiful lady. At best the tannin of over-stretched eyeballs could result in blindness; at worst, any minor cut admitted the fatal poison. The pupil-dilating properties of deadly nightshade make it useful today in ophthalmic surgery. It is one of the many poisonous plants whose power, once harnessed, can work for the good: foxglove, for instance, yields a cardiac medicine, and thorn apple is the principal ingredient of an artificial emetic. The beneficial effect of castor oil is familiar to the point of being a joke, evoking vivid memories of costive childhood days. Yet the African shrub that provides the laxative also manufactures the strongest of all natural poisons - ricin, twice as potent as cobra venom. I grew it for its handsome bronze foliage and remained unaware of the heart of darkness until 1978 when a cantor oil murder made the headlines. At a London bus stop, Bulgarian defector and broadcaster Georgi Markov was stabbed in the leg by an unknown assassin with a poisoned umbrella that injected a pellet - of ricin. Toxic plants surround us: hedgerows contain bryony and cuckoo pint, our gardens boast lilies-of-the-valley and columbine, yew grows with full approval in churchyards, and how many people happily dangle mistletoe about the house at Christmas? But brighten up a town road with golden rain and the result is mass hysteria. Why this one tree generates such fear about all other deadly plants is a mystery - until you consider popular literature. Laburnum pods feature prominently in My Cousin Rachel, a book made into a cinema film and a TV serial. For its cascading yellow beauty I can forgive its virulent toxicity, and feel sad when it becomes the object of housing estate hatred. Daphne du Maurier has a lot to answer for.

Julia Berney

MY GALAXY achilles

are now in their second summer and I am convinced that they are a valuable addition to our range of hardy herbaceous plants. In habit and vigour they resemble the old familiar varieties selected from our native British yarrow, Achillea millefolium. This is a troublesome weed on lawns, where it is quite prepared to hug the soil, safe from the blades of the lawnmower. In meadows and hedgerows it is an attractive wild plant about 18 ins high with rather dull white flowers that are occasionally tinged with pink. By picking out the most highly coloured of these natural variations, gardeners have been able to obtain varieties that about 18 ins high with rather dull white flowers that are occasionally tinged with pink. By picking out the most highly coloured of these natural variations, gardeners have been able to obtain varieties that about 18 ins high with rather dull white flowers that are occasionally tinged with pink. By picking out the most highly coloured of these natural variations, gardeners have been able to obtain varieties that about 18 ins high with rather dull white flowers that are occasionally tinged with pink.

The yarrows march on

Arthur Hellyer admires the achilleas family. ble-free and reliable border plants. The Galaxy varieties were raised in Germany by Wilhelm Kikulus by crossing Achillea millefolium with a garden-made hybrid named A. taygetea. The parentage of this is uncertain but probably involves at least three other species, so Herr Kikulus was putting quite a lot of competing genes into the mixing pot. What he got out of it was a considerably increased range of colours with an engaging tendency to change in shade as the flowers age. For those who are unfamiliar with the yarrows I should explain that they belong to the daisy family and have typical daisy-type flowers with a little central yellow pad surrounded by a circle of petals. What makes the flowers conspicuous is that a considerable number of them grow on branching stems from one large and more or less flat heads which can be several inches across. The leaves are small, soft and feather-shaped, and they have a quite strong but not unpleasant faint when bruised. In fact the more closely one looks at the yarrows, even in their commonest forms, the more one appreciates that they really are very attractive, and that we despise them mainly because they are so common, and undemanding. If they came from some distant country and had to be coaxed to stay alive, we would probably be paying high prices for them. I find the new Galaxies as undemanding as the old millefoliums and I like two of the new colours very much. The two I like best are the Beacon and Great Expectations. The first has a tiny yellow centre, each with a tiny yellow centre. When they first unfold the colour is a little brash, but it quickly softens to rose red and I like both this progression and the combination of flowers of different ages. These are colours that catch the eye right across the garden, yet I do not find them at all difficult to place. Great Expectations makes an excellent foil for the Beacon since its flowers start by being peach pink but soon change to those slightly mottled yellows one finds in the flowers of the common honeysuckle. It is attractive at all stages and would not offend the most sensitive eye. The third variety



Like the millefolium varieties, the Galaxies all sprawl with age and tidy gardeners will need to support them with twigs pushed firmly into the soil before the flower stems start to lengthen. I have little time for this, but find that if planted very closely among other things the natural sprawl is contained. Apart from the fact that all like sun, there is really nothing to be said about the cultivation of yarrows, old or new. Only the most severe drought will kill them; poor soil will only reduce their rate of growth and propagation by division is so easy that it is not really necessary to dig up the plants to do it. Plenty of well-rooted pieces can be prized out with a trowel and replanted elsewhere at any time when the weather is damp and mild. For the record, the ground cover rose I described last week is not called Ethica, but Essex. It is being introduced by John Mattox of Nuneham Courtenay, Oxford.

International Property

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PROPERTY

Buying a home is so easy

... it's selling a place that's the real art, says John Brennan

THE MESSAGE from Hong Kong was as much bemused as concerned. The caller was trying to sell a flat that he had bought off-plan in a London development now nearing completion. The obvious way of arranging a sale had seemed to be to go back to the developer's sales agent; everyone was polite and enthusiastic on the phone, but nothing seemed to be happening.

It is a common problem. UK property sales teams regularly tour the expatriate communities, presenting to a receptive audience, the case for turning their high borrowing power into a geared stake in the London property market. Armed with graphs showing capital growth forecasts that mirror moon rocket trajectories, these agency sales teams rarely leave empty handed.

In the past couple of years most developers have included a sales trip to Hong Kong as part of the marketing programme for schemes that are to be sold off-plan a year or 18 months before completion. As the call from Hong Kong shows, these overseas marketing campaigns often go how to go back to the sales team whose confidence in the project helped to clinch the deal in the first place.

lists of prospective buyers, and the ones who can most easily arrange for viewings at any time.

The problem, and the reason for the agent's amiable inaction, was that they are still selling units in the block for their primary client - the developer. As a result, any resale instructions tend to go to the bottom of the pile.

If the person trying to resell is asking more than the developer for similar units, the instruction is pretty sure to get buried until first time buyers have been found for the new flats.

As the call from Hong Kong shows, these overseas marketing campaigns often go how to go back to the sales team whose confidence in the project helped to clinch the deal in the first place.

The gap in this logic should be obvious. But at a distance of several thousand miles it is tempting to plump for the on-site experts since they are, self-evidently, the people with the

a premium. Even where contracts have been exchanged and deposits received on every unit, by no means all pre-sale exchanges are followed through to completion of a purchase. The developers' agents are, therefore, likely to have a stock of held back, or exchanged but uncompleted, properties to deal with by the time the development is nearing completion.

A few new flat blocks and housing developments have attracted so much buying interest that there is a ready resale market when the scaffolding starts to come down. But the number of central London developments with similar sized, similar quality, and similar priced flats that were started in the past two years and which are being completed this summer has created, if not a glut, then at least a more than adequate choice of £150,000 to £350,000 flats at a time when buying demand has become increasingly selective.

Advice from the professionals proves to be pretty unanimous. Once you get beyond each agent's firm conviction that the problem wouldn't have arisen if it was their flat, or if they had bought it for a client, their practical solutions all focus on the problem of getting that property sale instruc-

tion out from under the mass of alternatives.

Having discounted using the scheme's sales agent - unless the seller is patient enough to wait in line behind the developer - the first step is to find a local agency that is not directly involved in that building's sales programme. After that it is a matter of agreeing a realistic selling price, setting a timescale for the sale, and helping to make the flat stand out from the crowd by offering to pay for a specific amount towards advertising the property. When asked, agents will produce a suggested schedule of advertisements for their client to agree.

For any long distance seller who cannot drop by the agent's office to see that talk on the phone is being translated into action, an advertising schedule will at least make sure that any budget is being spread effectively. Getting a specific negotiator to deal with the sale means that there is also a particular person to chase if weekly reports show little progress. And the consensus among agents is that it is worth agreeing an incentive commission over and above any agency rate if a sale is to be achieved at the right price, and within a fixed timescale.

Nevertheless, there are flats in otherwise highly successful developments where even the most active sales programme makes no dent in buyers' indifference. And there is no easy cure for having bought a flat that turns out to be tough to resell. That is painfully illustrated by the experience of one of Aston Chase's recent clients.

The agents successfully resold a number of the apartments that had been bought off-plan in First Capital City Development's Beverly House scheme facing Regent's Park not far from the Central Mosque. But one flat has stuck with disastrous consequences for the buyer.

The £460,000 flat was one of the 36 on which contracts were

Sad tale of a flat at the back of a block

exchanged within six weeks of the start of developers' agents' first sales drive. Hampton first sales drive. The 68 apartments in the block onto the market at that time, holding back the release of the remaining 16 until last autumn.

The success of the forward sales programme reflects the appeal of what is, unquestionably, a good prime location development. But, as Aston Chase confirms, for at least one luckless off-plan buyer, handing over £46,000, the 10 per cent deposit, proved an expensive mistake.

Allowing for price rises of equivalent size properties around Regent's Park, this advance buyer, an investor from Nigeria, might reasonably

have expected to see his 1986 priced, £460,000 flat have a value of around £320,000 by now. Reselling at that price would have netted a £20,000 profit, or a 130 per cent return on the deposit money. But as the resale came to the market at the same time as half the other advanced purchasers were looking in cash in their investments, it ran into the same kind of near-completion competition that had stalled the sales plan of that caller from Hong Kong.

At Beverly House, the buyer from Nigeria's problems were compounded by the fact that, by not looking closely enough at the plans, the flat he had bought was at the back of the block. Instead of views of Regent's Park, the flat looks across a railway line and council flats. Even when offered at £200,000 it didn't sell, and the advance buyer had to face the cost of trying to raise the £14,000 needed to complete the purchase, and keep trying to sell, or fail to complete and write off the investment. Nigerian currency exchange controls made it impossible to complete the financing and the back of the block investor found that he had gambled, and lost the lot.

That is an expensive way to be reminded that buying a property for investment is the deceptively easy part; selling is the art. And, in an increasingly selective market, those who bought properties off-plan over the past couple of years can no longer assume that the general rise in the market guarantees that they can rely on an easy to find queue of buyers when their particular development nears completion.

Watch for the doughnut effect

The end is nigh for the bull market, reports John Brennan

IN THE next few days a report from the Building Societies Association is expected to signal the end of the current bull market in residential property prices. It will be a heavily qualified death warrant: no talk of a crash, more a summary of the evidence pointing to a gradual slowdown in the rate of residential property price rises.

Adrian Coles, of the BSA, says: "The market is peaking at the moment, and over the next month or so that will be reinforced by the rise in the mortgage rate, and the end of the artificial boost to sales from August's tax relief deadline on double mortgages." Beyond that, a forecast reduction in the rate of real incomes growth persuades the BSA that, even after a year when total mortgage lending is expected to reach a record

£27bn (around £38bn net after repayments) 1989 will mirror the market reactions seen in 1981 and in 1973 when house price rises pulled back after a period of rapid growth.

The BSA's case leans heavily on its conviction that real earnings growth remains the key barometer of price movements. Coles largely discounts the impact of housing equity release across the generations. He says there are no firm statistics to support the anecdotal evidence that parents are helping to fund their children's first home purchases, and the societies' remortgage figures

suggest that only a limited number of older home-owners are releasing equity in their homes to help out their children.

That is a contentious point, and one that few housebuilders would agree with given their increasingly common reports of buyers relying heavily upon parental help. But the BSA isn't swayed from its view that national average house price rises will peak this year at around 22 per cent, against 1987's 16 per cent, and that there will be a gentle reduction in the rate of increase beyond that.

This "soft landing for prices" should be made the more formidable by the impact on values of the introduction of the poll tax, in Scotland in 1988, and across the rest of the UK in 1990. The poll tax has been forecast to add anything from 5 to 20 per cent to house prices over a three or four year period as it sweeps away the progressive tax effect of rate charges, particularly on larger private homes, and enables prospective buyers' to pay more.

A peaking of the residential property market nationally does nothing to even the geo-

graphic imbalance of property price rises. The national market currently reflects the drought of the highly selective market in London, as buyers' fade away for the summer, and a thick outer rim of almost frantic activity as the provincial markets follow the pattern of previous price-surge periods in the south east and begin to catch up.

One of the reassuring aspects of the housing market as it comes to the end of this long bull market is the degree of unanimity among the building society forecasters and

estate agents, all of which suggests that there will be no need to dust down the "Property market crash" headlines this time around.

It should result in a far less congested housing market by the end of the year. Without having to be concerned about trying to avoid any dramatic increase in values, or being worried about missing out on a further sudden surge in prices, people thinking of selling have no reason to hold back from the autumn sales season. A less restricted choice of properties should help to clear many of this summer's frustratingly still sales chains where someone along the line is either holding out for a rise that won't come, or nervous of committing to buy in case the market crashes the day they sign the completion papers.

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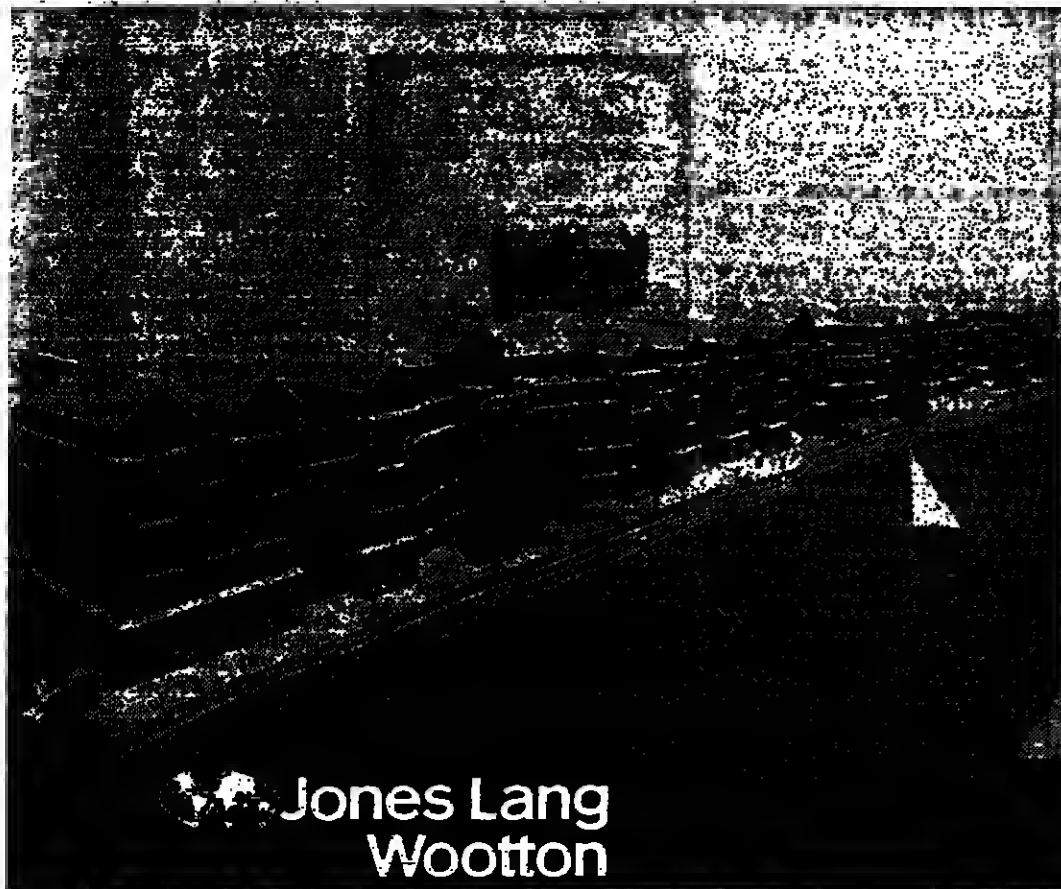
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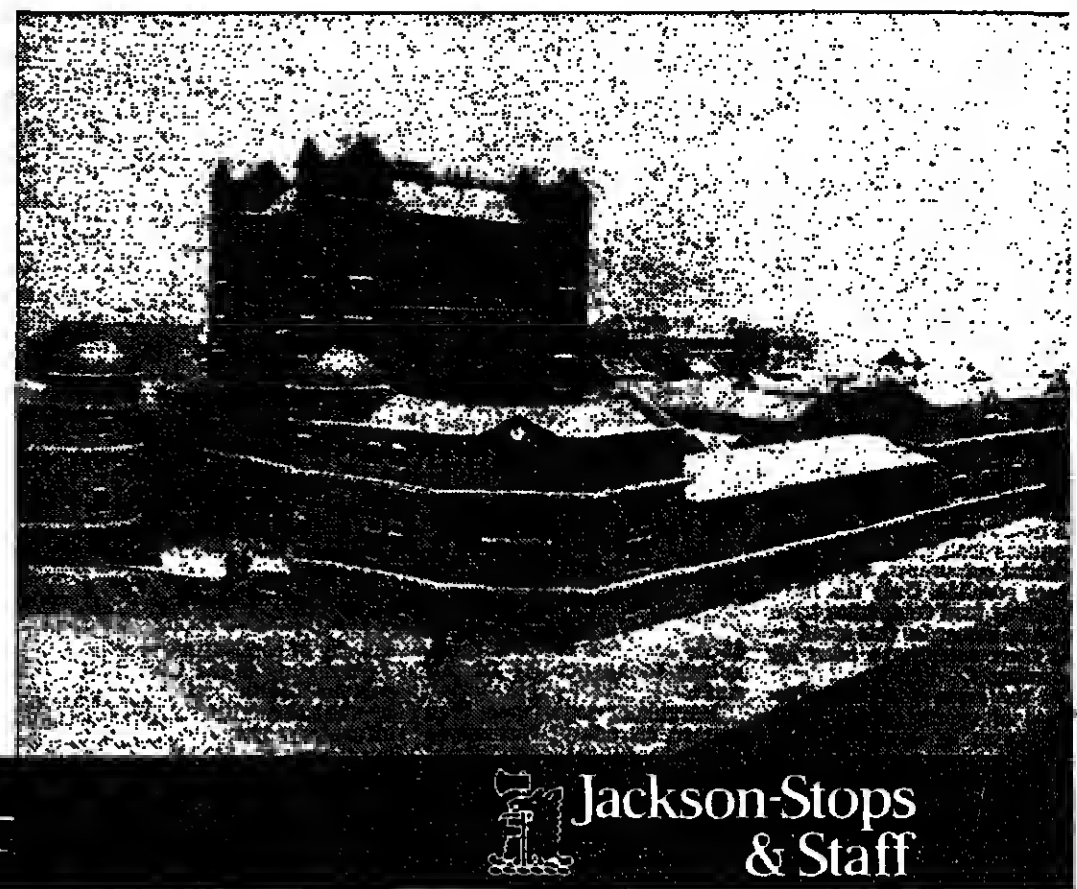


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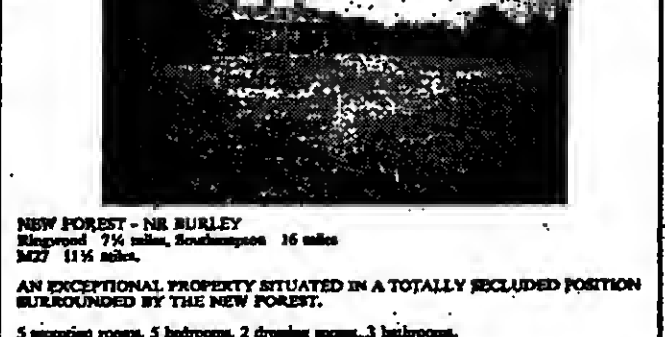


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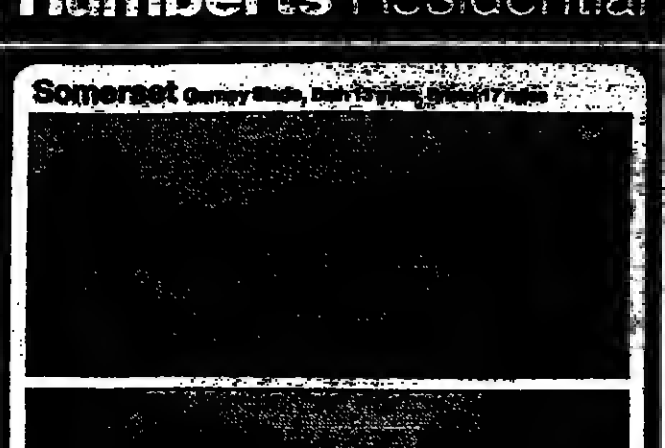
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WEEKEND FT REPORT - HEALTH AND FITNESS

HEALTH AND FITNESS have become key leisure trends of the 1980s. While some aspects of the health boom may have been rather more short-lived than others - the dance craze of the early 1980s was one such example - the underlying trend has been towards increased consumer interest in all things healthy and fit.

A recent consumer survey carried out by the Mintel research group of almost 2,000 adults, for example, found that nearly three-quarters believed they had changed their lifestyle over the past two years in terms of either healthier eating or taking more exercise.

This trend towards healthier living has been shown by the growth in sports participation in recent years - squash, for instance, is a game which in the 1980s has spread from being a minority sport to reach all social classes throughout the UK.

In addition, food and drink manufacturers have endorsed the health boom by developing products free from additives, artificial colourants, and sugar where possible. Only the most foolhardy food companies have failed to recognise this trend - and their sales have been hit accordingly.

At the same time, manufacturers of sports goods report that sales of home fitness equipment - rowing machines, exercise benches, and dumb-bells - are booming. The market for such equipment, at present valued at £70m, is likely to grow to over £100m by the early 1990s.

The scope for companies selling products and services in the health and fitness markets clearly depends upon just how far consumers believe they need them. Surprisingly, the Mintel survey found that most people do not consider themselves unfit. Only 12 per cent of the sample believed they were unfit (2 per cent of these considered themselves very unfit) while 45 per cent saw themselves as fit (with a further 3 per cent saying they were very fit).

Nearly one in every three of



A view of the action at the Barbican Health Centre.

Health of nations

A report by David Churchill

those surveyed believed themselves to be neither fit nor unfit.

Marginally more men than women considered themselves to be fit, although Mintel points out that "men are obviously going to be less likely to admit lack of fitness than women because the traditional stereotypes are for men to be the stronger, fitter sex."

What type of activities has the move towards a healthier lifestyle encouraged? Walking, in fact, is cited by most people as the biggest change they have undertaken in the past couple of years in the urge to become fitter. Such walking can either be simply to the local shops instead of taking the car, or planned "Sunday afternoon" type excursions into the countryside.

Walking for fitness and health is especially favoured by women, according to Mintel, possibly because more women

are shy of competitive sports. Swimming is the next most popular health activity, cited by one in every five of the Mintel survey. This is followed a long way behind by cycling, racket sports, aerobics, field sports (football, etc), and jogging.

Analysis of who plays sports shows that all participation is biased towards the young, except for walking. Children encourage sports participation by adults, particularly in swimming and field and racket sports. Participation is also biased towards single people and those in employment.

What stops people keeping fit? The main obstacle is clearly one of time, although other factors are important such as having young children which make inroads upon disposable time.

Sports apathy is surprisingly strongest among those in their early 20s, according to the Min-

tel survey, perhaps because of the pressure of building careers or also due to some reaction after their school years against playing organised sports.

Apart from active sports, health and fitness outside the home centres around gyms, health clubs, and fitness centres. The problem with such clubs in the early 1980s was that they were badly managed and therefore became uneconomic to run. What has survived has been the type of club which reaches a definite niche market aiming to meet the fitness requirements of particular groups.

One such club is the new Barbican Health and Fitness Centre which will be opened by the Princess of Wales on Tuesday morning. The club, owned by the Bally Health and Tennis Corporation of America, offers some 40,000 square feet of facilities, including a swimming

pool, running track, and 2400,000 worth of imported state-of-the-art exercise machines.

The total number of health clubs and centres is estimated at between 650 to 1,500, located mainly in southern England, and attracting membership fees of about £50m a year. Leisure Consultants, a Suffolk-based consultancy company, claims that the main trend in health clubs is the move away from aerobics and instead the emphasis is on technology in the form of "resistance" machines such as those marketed by Nautilus. However, more traditional exercises, including dance, yoga, and martial arts are still popular in most clubs.

Many consumers, however, prefer to exercise at home rather than in clubs. Mintel market research has shown that four types of home exercise equipment are most popular.

Exercise bikes: more likely to be used by women than men.

Skipping ropes: also much more likely to be used by women than men. They are also more likely to be used by younger people and are especially popular with the ABC1 (professional and executive) socio-economic grouping.

Ballwork: very much a male exercise item. Ballwork users have a popular appeal to all age and social groups.

Dumb-bells: also predominantly a male exercise product and are especially popular with under 25 year olds.

Manufacturers and retailers of such equipment believe that the demand for health and fitness among British consumers shows no sign of abating, even if people switch between different forms of exercise.

Mintel argues that "marketers looking to expand the home fitness market must concentrate first on the convenience aspect of home exercise equipment, and second on specific devices which will motivate people to become more involved."

The right club

Lucia van der Post advises a little serious thinking

TIMES WERE when fitness was just a fad. Today we all know that fitness really is good for you. The trouble is to achieve it. Walking the dog or the occasional game of social tennis may be pleasant enough and certainly won't do you any harm but they have little to do with real fitness.

The problem with fitness is that nobody can do it for you. The road is tough. But those who get there say the rewards are enormous: the increased energy, heightened sense of alertness, the joy of having a body that is slim and supple all contribute to a high that is enough to keep even erstwhile sloths continually hooked.

Once you know what it is like to be really fit you can't bear to be anything else. All the aficionados say. The key is somehow to find ways of incorporating it into your everyday life. To devise methods of making it enjoyable and not a daily slog. For many this means joining a club.

The advantages of joining a club are numerous. To start with, once you've paid your fee (and they are almost without exception quite high - trained supervision, proper equipment, space don't come cheap) there is a considerable incentive to make sure you don't slack off and waste all that hard-earned cash.

A good club should offer proper trained instructors - this really is important. An understanding of the body and how it functions during exercise is vital not only to make sure the right muscles are exercised but also to prevent injury. The fitness craze got a bad name when it first came in and hosts of untrained "instructors" got in a shop.

Tales of snapped Achilles tendons, of pulled muscles, of dislocated knees began to give the less-than-keen just the excuses they needed to do nothing.

So now you're convinced. A brighter idea has struck you. Is this the club for you? These days you are spoilt for choice. You need to do a little serious thinking first - is it aerobics (which is primarily aimed at improving cardiovascular fitness) or are you after something else? Or would you like a little gentle toning up? Or is a sport, like swimming, squash or tennis, more your line?

For the sports fans Britain is at last beginning to get the kind of clubs they have longed for. Inexpensive, clean, the club is based around an impressive pillared swimming pool where aerobics in water seems to be the star turn, though all the usual exercise equipment is available as well. Annual membership fee is £200 (or £125 for couples).

More classical references at the Aquila Health and Fitness Centre, set in another hotel - the Rembrandt at 11, Thurloe Place, London SW7 (tel. 01-225-4926). Once again waterside exercise seems to be the most popular activity though in the small but well-equipped gym you can be instructed in how to deal with the bulges or the puffing. For those who have something gentler in mind dancing, massage, beauty treatments are also on the agenda.

The City is, of course, well supplied with opportunities for flexing of the muscles. From the first club to offer squash facilities within the magic square mile, The London



like The Fitness Centre, at 11 Floral Street, Covent Garden, London WC2. Haven for many a working girl who comes up and beautifies in her lunch hour, it now offers individual body-conditioning lessons, the newly-fashionable low-impact aerobics (less stressful to the body than the old aerobics), Shatusu and a whole host of relaxing techniques ranging from the Alexander system to reflexology. The changing reflexology is as depressing as ever but as with most things in this world you get what you pay for and the annual club membership here is only £50 while the gym membership is just £250.

Bridge Sports Centre (off Swan Lane, London Bridge, EC4 tel. 01-223-8895) to the latest glossy USA-styled club, The Barbican Health and Fitness Centre, 97, Aldersgate Street, London EC1 (tel. 01-374-0051) City folk are almost spoilt for choice.

The Barbican Health and Fitness Centre is due for a glossy opening next week but it really does seem to have something to shout about. Directly based on successful ventures in the US it, too, aims to offer something to almost everybody. There's a 25-metre long swimming pool, a gym, a running track, there are cardiovascular and muscle-building machines,

Britain is beginning to get the clubs that are commonplace in America

Further west still is the Regatta Health Club at 1a, Alredale Avenue, Chiswick, London W4 (tel. 01-895-4600). Here it aims to offer a country club atmosphere with a gym of 2,500 sq. ft., a sauna, pool, a gym, yoga, aerobics, squash and tennis as well as a lot of more social facilities like a large area for eating, drinking, barbecuing or partying. An innovation here is that there is professional help available to advise on physiotherapy and sport injuries. There is a jogging fee of £80 and a 12 month full member subscription is £250.

South of the river The Metropolitan Club at Sheepcote Lane, Epsom Road, Battersea, (tel. 01-225-4400) also aims to give its members something of a social centre, as well as a place to become fitter and leaner. There's the usual Nautilus equipment, six squash courts, two exercise studios as well as jacuzzi, saunas, beauty treatment rooms and a bar and restaurant. There's a sliding scale membership fee depending upon which facilities you wish to use but full membership would cost £75 as an equivalent fee, followed by an annual fee of £250.

Finally, if you're not the clubbable sort and wish to keep your bulges to yourself and prepare for a more beautiful future in private, then call Alex Kissin's Fitness Connection. Alex Kissin has a team of trained instructors who will come to your home, mat, dumbbells, skipping-ropes etc in tow. Charges range from about £20 an hour. Address: Alex Kissin's Fitness Connection, 9a The Promenade, Edgware, Middlesex, HA8 7JZ. Tel. 01-628-4410.

Don't forget the old favour-

Fighting Big Bang

David Lascelles on exercise and City lunches

I'M SITTING on my backside with a slab of chocolate on one side and a drink on the other. I can feel the slight tightness around the belt line, and an ache down the back of my legs. I know that unless I do something pretty snappy by the end of the week I'll start slipping down the wrong side of that perilous line between the fit and the fat.

I'm certainly no fitness addict. I can't bear to jog, I gave up the knee jerks years ago, and I was easily persuaded that swimming does you no good because the cold water stops you sweating. But one of the few instincts which I have found grows sharper with age is the sense of impending flab, and I haven't yet quite reached the stage in life where I'm prepared to yield to its soft and comfortable embrace.

Just a few facts to set the context. I am 43 and in good health. I am for a spot of asthma. I'm six foot tall and weigh just under 160 pounds (I know that for certain because I have trained myself to look the demon weight in the eye every morning).

All that is reasonably good news. The bad news is that when my working life does not require me to sit at a desk or consume my nervous energy in

a scramble for deadlines, it imposes on me a culinary regime that would do a Roman emperor proud. Every day, I have a City lunch, usually three courses with wine, and many evenings a dinner too, when the fare can run to four courses plus liqueurs. Add to that an insatiable greed for chocolate with hazel nuts, and it is a miracle I can even see, my toes.

When I was in my 30s it took only a couple of games of squash a week to keep this kind of regime in check. In the holidays I would also go on long walking and mountain climbing expeditions; the fittest I have ever been in my life was when I spent a week on the Appalachian trail, covering 20 miles a day fully laden. Skiing and windsurfing were other things I did when I got the chance.

But when I turned 40, it began to get harder. Joints stiffened, wind shortened, stamina dwindled. I also acquired intimations of my mortality, and a little voice of caution began to whisper in my ear. Two years ago I entered a parents' race. It was only 200 yards, but I ran flat out and felt ill for three days. Earlier this summer I played a hard game of squash after a three month break. It was harrowing, and I shall think twice about playing again.

Like all who enter middle age, I am having to adjust, to find a new level. It was not easy because I had this image of myself as a fairly active person. But I'm finding that once you accept that your powers have peaked, you can go in quest of new pleasures.

I was lucky to rediscover an obscure game I used to play at school - five-a-side. We live near Highgate School which is one of the leading fives schools, and most Sundays our local club meets there for a couple of hours. It's a curious game: you hit a ball with your hands and chase it round a court strewn with steps and

ledges. But it's a good workout, and less strenuous than squash.

It is also more sociable because you play in pairs. In my earlier years I never thought of sport as something particularly social. I recall with dread being dragged as a child to the local tennis club and being ordered to "make friends". It was either that or accounting to the school sports master how you spent the afternoon.

It is only now, with the meliorism of advancing years, that I am beginning to overcome the horror of tennis which those memories instilled in me. In fact the roles have been completely reversed. My own children are mad about tennis, and we play family fivesomes which are good fun, but - unfortunately for my figure - undemanding. We also play badminton in the garden - a marvelous game which lets you swing the racket as hard as you like without fear of smashing a window or losing

the ball.

Another pleasure that has entered my life is an addiction of foothills rather than mountain peaks. Part of our family lives in the Lake District, and we end each summer with a fortnight up there. In my younger days I could not contemplate any expedition that did not end at the highest point on the map. I have been to the top of Scafell half a dozen times, and added rocks to a score of other summits.

But now, these rocky heights seem both more and less of a life. The views are too distant, the detail blurred. I'd rather stroll round the lower slopes, with their babbling brooks and waving grasses, and admire the majesty of the peaks from below. (That's the one problem with a peak; when you're on it you can't see it).

Funnily enough, I realise that it is only now that I am beginning to discover the pleasure of sport. Sure, there was a thrill in those days: the challenge of competition and the lure of attainment. But you rarely did it for fun. I relish my Sunday fives matches and my fall walks, unthinkingly by the drive to win or get to the top. And that may be the rarer quality that helps me fight those City lunches: I actually enjoy it.

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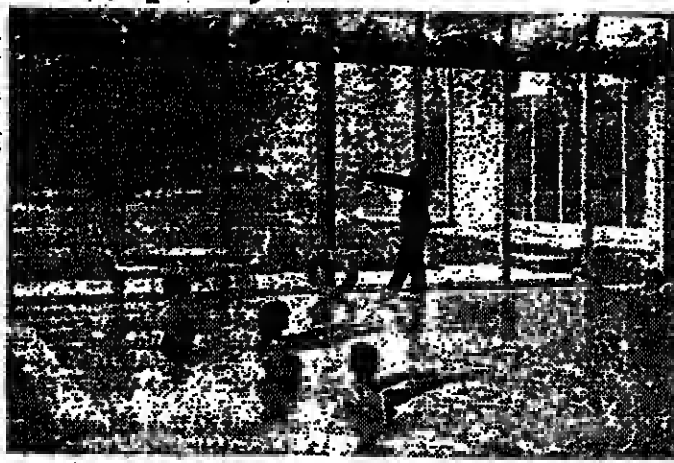
July 31 1988

WEEKEND FT REPORT - HEALTH AND FITNESS

Down on the farm

Lucia van der Post reports on privilege and tranquillity

THE POPULAR idea of the health farm as a place where the very rich play laps...



Taking the water at Champneys

The best of the health farms combine the cossetting of a luxury hotel with the professional expertise of the up-to-the-minute hospital.

Many are set in once-stately homes and, in some cases, so that they spill through the gates and down the drive...

A week at a health farm offers a formidable chance to put everything in order, from the face to the feet...

If you need a refreshing break, a chance to catch up on some reading and a little light exercise with a super view...

In any recent days the emphasis is less on fasting but much more on health-conscious, vitamin-packed, low-calorie meals...

Stress control and relaxation techniques are everywhere, on offer and in place...

Champneys, Tring, Hertfordshire (tel. 0427-3351) is an old favourite to which visitors go back and back...

Shrubland Hall Coddenhams, Nr. Ipswich (tel. 0473-630404) is famous for its beautifully furnished rooms...

Stobo Castle Health Farm, Peebleshire, Scotland (tel. 07216-249) is one of the most luxurious and is perhaps best known for keeping the best table of all...

Forest Mere, Liphook, Hampshire (tel. 0428-723051) has soothed away the aches and pains for many a highly-stressed captain of industry...

THE CONNECTION between health and beauty is clearly an intimate one. Beautiful skin begins inside with healthy eating habits...

If you look at the cosmetic shelves these days the answer is plenty. The real difficulty is that most of us are spoiled for choice...

It follows that people who mind about their skin should arm themselves with a bottle of lotion with a high sun protection factor...

A NUTRITIONIST, who graces many of the heavyweight committees investigating the nation's diet, confided that he never describes himself as such to strangers at a dinner party.

Letting slip the fact that he was a nutritionist inevitably meant that he was offered intimate details of his fellow guests' eating habits...

Such is the interest in "healthy" eating that a variety of organisations are now offering a professional laboratory analysis of people's diets...

Boots, which introduced family foodstores into its larger outlets in 1984, has been keen to present a caring image...

Since 1984 it has been offering a free computer diet analysis with leaflets available at its stores. It is a fairly simple affair, with consumers asked to

Look better longer

Lucia van der Post's guide to the skin game



A Lancome protection against the sun

ter. Wear it morning, noon and afternoon. Yes, even in this country.

Mothers of young children should be dissuaded from turning their tots into golden, sun-drenched angels (as per the ads) and make sure that they are well-protected, as not only is their skin more sensitive than adults but also the devastating news is that sun-damage is irreversible.

Almost all the beauty houses these days have excellent sun and weather protection products. Some of the best names are out for sun Lancome (a great favourite with continental beauties), RoC, Lancome with its Conquete du Soleil collection, and Clarins. All of these companies offer sun protection products, moisturising lotions and, very useful for those not planning on sunbathing but just wishing to avoid

the UVA and B rays around the town and garden, moisturising creams and foundations that incorporate sun protection factors.

One of the best of the sun-blocks, in my view, is Clinique's Oilfree Sunblock which has a 15 SPF and is much used by those who like to protect their skin without it looking shiny or greasy.

cialist creams around, I think it is worth taking a protection cream specially suited to the fine skin around the eyes. Too heavy a cream and the eyes will puff up, too light and it will fail to protect. Good makes to look out for are Clarins and RoC. Anybody going to New York should go to Kiehls at 109, 3rd Avenue where there is a splendid cream for protecting the skin around the eye. This cream comes in a lipstick shaped container.

For those going on holiday sea-water is very drying and damaging to the skin and tends to wash off the protective creams. So check the counters for water-resistant products and put them on before you dive into the water.

If you really can't bear to look pale while all around you others are roasting a golden brown, there are good tinted creams and lotions (Guerlain does a splendid golden oil) which will give you a healthy glow and some incorporate protective factors as well.

I have never found a self-tanning cream that I really liked. They always seem to turn me an unattractive orange. But latest word is that some can cause irregular brown-spotting of the skin - so take care.

Computing calories

Lisa Wood analyses healthy eating and drinking

monitor their diets for three months, which at £250 for men and £200 for women is the top-of-the-range screen. In addition, the dietary analysis is offered at £19.

All food and drink consumed over seven days has to be recorded as well as general information on cooking and eating habits. Formula One, a company which specialises in the use of computer technology in health care, analyses this information. The client is then provided with a detailed analysis of his or her intake with a comparison with the "ideal" intake.

Fat and fibre intake evaluation is based on guidelines provided by the Government's Committee on Medical Aspects of Food Policy (COMA). Other studies are based on the Government's recommended daily allowances (RDAs) of minerals and vitamins.

There are also measurements of other minerals and vitamins not currently included in the UK's list of RDAs but included in the much more extensive US list, which, for example, includes zinc, often lacking in people who are unwell.

John Humphrey, managing director of AMI Occupation Health, emphasises that the AMI dietary analysis and subsequent counselling in dietary adjustments are geared towards the need of the "normal" person. If any major abnormality emerged, AMI would refer clients back to GPs or to a specialist.

GPs concerned about a patient's diet and any subsequent nutritional deficiencies can refer patients to dietitians at local hospitals, while most large hospitals can also do clinical tests for a range of nutrients.

A few private clinics also take referrals from GPs for dietary counselling and clinical analysis for nutrient deficiencies. Doctors Stephen Davies and Alan Stewart run the Bloch Medical Unit in London. Here, at a cost of about £60, blood, sweat and hair are given a detailed breakdown of levels of minerals in the body including toxic elements such as lead, cadmium and aluminium.

"Some of our patients have medical problems which have failed to respond to drug-based therapies," said Dr Stewart, who prescribes vitamins and mineral supplements to drugs. Other patients referred by GPs wanted their mineral levels checked - as in the case of a pregnant, former alcoholic who was found to have low levels of zinc and magnesium, both minerals believed to be important for foetal development.

Risk factors which could lead to nutritional deficiencies, said Dr Stewart, included the consumption of more than four units of alcohol a day (four glasses of wine or its equivalent), a restricted or poor diet, pregnancy, breast-feeding and old age.

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Now the away match

Tennis, water colours and splashing about

THE PURSUIT of health and fitness has for a long time stretched into the holiday industry. Travel agents report consistently growing inquiries from business types wanting to take a holiday getting fit by taking up a new sport or go back to an old one before middle-aged spread takes over.

But before exploring the riches available, regard the advice of many of the health centre people - notably David Giampolo at the new Barbican Health and Fitness Centre, to be officially opened by Princess Diana on Tuesday - "Don't take up a sport to get fit. Get fit first and then play your sport."

However, the lure of sporting holidays has never been greater, particularly as nowadays it is so simple to combine them with something more cerebral. A course organiser at one of our more famous public schools told me only recently of a former business executive who comes back to his summer school year after year, travelling from Paris to

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THE PURSUIT of health and fitness

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DIVERSIONS

Alex beats the clock

Christian Tyler is shown the key to a new puzzle

What a strange machine is the human mind! Until this week I had more or less accepted that "soul" and "mind" were just metaphysical names for very complicated physical and chemical processes in the brain...

glyphic and Michael Ventris the Minoan Linear B script? Rubik's Clock is about the size of a large tin of Nivea cream. It has nine clock faces on each side, with one hand to a clock. There are four wheels round the edge and four buttons in the middle, acting like gears and clutches respectively but having asymmetrical functions...

watching a keen-nosed dog pursuing an elusive rabbit through the undergrowth. He was instinctively rejecting false trails, and juggling the machine in the way he used to juggle the controls of his video games. It looked as though his eyes and hands were programming the inventor's logic into his brain...



Alexander Sarvenco with the clock puzzle invented by Professor Rubik which Alexander solved in record time

on the map and helped him make a million from the Cube. "The age group that tackles these puzzles best seems to be from 14 to 18 or 19," he said. "The received wisdom is that they are less cluttered up by conceptual habits and seem to have a fresher spatial memory."

easily to abandon what they have created. The older we get, the more we try to hang on to what we are sure of. Kramer thinks the lessons of feats like Alexander's are ignored by the educational system. For example, IQ tests explore a range of mental skills, but produce a numerical score that conceals the child's particular aptitude...



Waiting for war to end

SLIPPING A fresh lemonade by the bank of the Blue Nile, you might find it hard to believe that the friendly and hospitable Sudanese have been fighting each other for five years in a civil war as vicious and pointless as any in Africa...

Great Collectors

Berggruen's love affair

"THERE are very few dealers who are also collectors: they can't afford to be." So says Heinz Berggruen, who in more than 30 years as a leading dealer in modern art just happened to acquire one of the finest picture collections of our time...

So acquisitive has he been since he opened his discreet little shop in the Rue de l'Université in Paris in 1948 that four years ago he was able to give the Metropolitan Museum of Modern Art in New York 90 paintings by Klee...

It was an amazingly generous gesture since Berggruen is a Swiss citizen and gains no tax advantages from the bequest. But he thought that MOMA was weak in Klee, and that Americans could do with having their eyes opened to his genius...

Berggruen is currently showing off a hundred of his finest hays at the Musée d'Art et d'Histoire in Geneva. It includes works by Cézanne (an amazing 12 on display), Seurat (14, a tremendous group from a rare artist who died young), Picasso, Matisse, Klee, Bonnard, Braque, and others. It runs until October 30.

"I've turned down millions for it: people always think a dealer can be bought with dollars and cents. I acquire it in 1973 in exchange for two good Cubist Picassos, a Van Gogh drawing, and some money. I had to reach and I made a sacrifice. I hate to think what the Picassos are worth today. But 'Les Femmes' is the jewel in my collection." Like the rest it will go eventually into a family trust and hang in some fortunate gallery, probably in Switzerland...

Berggruen has had a life-time interest in art (it survived a brief spell as an art critic on the San Francisco Chronicle just before the war) and was ideally placed to make a career out of it when he found himself working for Picasso in Paris in the late 1940s. He moved into artistic circles, and became friendly with Matisse who commissioned him to sell the contents of his experimental old age...

Gertrugren is confident that he "never bought a fake. I trust my eye completely. I've bought hundreds of Kleeas but I've never had to go to the Klee Foundation for confirmation. The same for Picasso and Matisse. But it doesn't work in other fields. I've been drawn to primitive art, as were my favourite artists, but I know so little about it that here I rely on the advice of the experts."



Berggruen: "I was my own best customer"

bought outside his period. "I saw a marvelous Courtd drawing in Venice. Perhaps I bought a new life I'd get involved with Old Masters. But after a few years I realised it did not fit in with my collection and I exchanged it." It was the same in his dealing. For a time he worked for the contemporary artist Pollock, "but I did not feel honest with myself. I did not respond to his work even though it would have worked out very well commercially."

Berggruen has little time for the current art scene. "Forty years ago you bought because you loved art and you bought discreetly. Now there is a lot of hype and speculation and people collect to impress their friends, or as an investment, or as a talking point." Oddly, he does not blame the salerooms for this commercialisation. "They have stimulated the market. Dealers who complain about the auction houses are hypocritical: they are happy to sell through them."

Those dealers who did form collections in the past were often dusting off unsold stock. This is not the case with Berggruen. In the 1980s he was famous as a source of Picasso prints, but he bought Picasso drawings and watercolours for his own pleasure. He rarely dealt in the work of his two great collecting loves, Matisse and Seurat. He could keep his collecting passion apart from his commercial enterprise...

Until the 1980s he could not afford to form a collection. His first attempt, works by Klee then going cheap, had to be disposed of to fund his business. But as his discretion and expertise brought him a regular clientele he was able to build up a good collection of Picassos...

Antony Thorncroft

Fishing Unlicensed passion

IRELAND is a paradise for fishermen. It has some of the finest angling in Europe and now, at the height of the season, the lakes of Connemara and the lovely rivers of Munster should be thick with tourists fishing. But this year things are different. There are no boats on Lough Corrib and the only flies that the trout are taking are real ones: Ireland's professional fishermen are on strike and have closed the lakes and rivers they control...

Invested in the rivers and tributaries which the angling clubs currently supervise. Their anger is all the greater in that they feel that the regulations were made in at dead of night without any discussion or consultation. So they have opposed the new charges with a ferocity that has taken everyone by surprise, showing themselves to possess considerable power. Quite simply, they have declared the fishing waters closed until further notice. The boats that took the tourists out are staying at their moorings and teams of men patrol the riverbanks, while fishery officers are attempting to enforce the law, have been beaten up or received death threats in the middle of the night...

It is the tourists who are the heavy artillery in the battle, to the great embarrassment of the Government and tourist board. Many notices have gone up on Loughs Corrib and Mask, Connemara's finest fishing grounds and the centre of the dispute, stating: "Licensed Anglers Not Welcome Here." Guest houses have been warned not to accept tourists with licences, and in some cases direct threats have greeted foreign anglers. Only once has the matter seemed close to a resolution. This was when the Archbishop of Tuam signed an agreement with the prime minister, which seemed to give an undertaking that the new laws would not be enforced as long as the campaign against them was suspended. For a few days at the beginning of the month the anglers went out, but then a fishery patrol boat was seen doing its duty and the war was on again, with the anglers more furious than before...

As a result of all this, many have cancelled their holidays, bought. Purveyors of cheap champagne are unlikely to increase the price of their wines by paying the tax but neither will they be happy about losing perhaps a substantial part of their allocation of grapes...

Anthony Kerr

Table with wine prices: Wines of Westshore - for more wine value. MEDIUM AND SWEET WHITES. Includes prices for various wine types like Chateau de la Vallée, Clos de la Vallée, etc.

Wine Drawbacks of success

Edmund Penning-Rowell on champagne sales

12 months after the January 1 following the vintage. But that is one of the differences between fine and inferior champagnes; another is the class of grape employed. If, however, the "three-year rule" is observed, every additional bottle sold by merchant or grower this year has to be replaced by three bottles. Yet informed opinion in Epernay and Reims believes that if the half-yearly sales this year are up by around 10m bottles, the stock figure may be nearer 70m than 73m and, together with a moderate-sized vintage, would not cover a possible 1988 sale of 250m bottles. It is, of course, impossible at this stage to make firm predictions of the size of the vintage, but although the flowering of the vine went very well the grape formation was smaller than hoped and very severe storms in the Aube, 70 miles south of Epernay, wiped out the crop of 400 ha. These fears may seem premature, and the situation will be clearer in less than three months but Champagne has not forgotten the "years of pen-

Wine

market their own champagnes and the co-operatives. It is a running complaint among the merchants that the growers keep too much of their stock, some of it so long that it becomes unmarketable. The latest figures suggest that they have 45 per cent of the total. About 50 per cent of the growers, with holdings of no more than 2 to 2.5 ha, pay a fixed tax (forfait) agreed with the local tax authorities, while the other 50 per cent pay on their profits (benefice réel). A new scheme has recently been inaugurated by which the merchant who tops up his grape allocation with vin clair may find that his additional purchases will reduce his allocation in the next vintage. This could also apply to a négociant who hays bottles (vin sur lattes) and sells them under his own label, a situation that caused a considerable row a couple of years ago, for this wine had not been made by him as the label indicated. Henceforward, the trade buyer of bottled champagne will either pay a tax of Frs 5 a bottle or have his next allocation reduced by the amount



There is, however, constant pressure, supported by the Comité Interprofessionnel, to encourage the growers to sell grapes rather than vin clair early in the year after each vintage, because the merchants would prefer to make the still wine themselves. A new scheme has recently been inaugurated by which the merchant who tops up his grape allocation with vin clair may find that his additional purchases will reduce his allocation in the next vintage. This could also apply to a négociant who hays bottles (vin sur lattes) and sells them under his own label, a situation that caused a considerable row a couple of years ago, for this wine had not been made by him as the label indicated. Henceforward, the trade buyer of bottled champagne will either pay a tax of Frs 5 a bottle or have his next allocation reduced by the amount

ONCE UPON a time it was a gremlin in the printing works - these days it's the wretched computers. In Philippa Davinport's last two articles we are sorry to say that in the transmission of the recipes there have been some errors in the quantities of some of the ingredients. In the Filo Chicken Pie with Herbs (July 9) the chicken should be 3 1/2 lb - 4 1/2 lb (NOT 3 lb - 4 lb), the cream should be 1/2 pint (NOT 1 pint) and 1/2 packet of filo pastry is required (NOT 1 packet). In the recipe for Rumpsteak (28th July) 1 lb of fruit (NOT 8 lb) is the required amount.

Fishing

NOT ALL the fishing in Ireland has been affected by the rod war. The salmon is too attractive a fish to be allowed to slip by untouched, and once again, lonely figures in tweed suits and waders are busy by the lakeside casting out their flies. But catching a salmon can be unfortunate. Recently I was driving through Pontoon in County Mayo, a well-known beauty spot where two famous salmon anglers are supposed to watch the fishermen, then got out to take a closer look at a young man who was bringing his catch from the lake up to the road. The salmon he was holding by the gills was about six long. He looked a bit obvious - it was probably the first he'd caught this season. He brought it across the road to where I was standing with a group of older fishermen, who examined it closely. "Oh no," said one of them, a short, fat, knowledgeable-looking man. "That one's no good. It's a slat." "A slat - a spent salmon. She's just after spawning and she's on her way back to the sea. But if you catch her, you'd make you ill; you should never have taken her." We asked him how he could tell. He pointed to the fish which, close up, did look rather sickly: to the dark red skin, the flaking scales, the obvious sick under its belly where the eggs had been, and - cutting the skin with a knife - to the white flesh beneath. He shook his head and looked sad. "No, you cannot eat it. If you did you'd come out in a rash, and that rash would come back year after year, regular as the tide." The young man stood still, gazing at the fish with horror. "And," said the expert, with a warning shot, "don't let the bait get in it, or he'll hang you for it." We drifted away, leaving the young man to his poisonous deceiving salmon, which just five minutes before had been his pride and joy. Perhaps it is not surprising that the north appears little affected outwardly by the fighting against the Sudan People's Liberation Army far to the south. There is no military conscription and most of the rank-and-file of the northern army are southerners or westeners. The roots of the civil war go back to early attempts by Britain, the colonial power, to incorporate the south into British east Africa. Now, the conflict is fuelled by racial hostility and the anti-sectarianism of those Sudanese Moslems who insist on exercising their majority rights over the minority Christians and animists. The INC does at least suggest an uneasy compromise for peace whereby Sharia law would apply only in areas dominated by Moslems. Southerners are divided among themselves. Local feudls flourish alongside the civil war, encouraged by a government's supplies of weapons to tribal militias. Southern Sudan has already been devastated by war and hunger and the north is unlikely to be able, for much longer, to turn a blind eye to the effects of the fighting. Cities such as Khartoum are swollen with refugees. Hundreds of thousands of southerners have fled abroad or migrated to the north. The cattle herders with no cattle can be seen eking out a living in dusty cardboard shacks, on the outskirts of Khartoum. In Hillat Shook, the children play in heaps of rubbish. A handful of men sit in an open-air bar under some thorn trees, while their women dry the grain to make more beer. Nearby, a mouse donkey eats a cardboard box, waiting, like the rest of Sudan, for the war to end.

Victor Mallet

Handwritten signature: J. P. ...

DIVERSIONS

A case to answer: Lucia van der Post looks at the variety of luggage available to modern travellers

Join the carousel

THE REALLY grand have no need of luggage at all. They simply have duplicates of everything in all their houses. Those of us who are less well-to-do are obliged to consider the matter of transporting our essentials when we travel and have, therefore, to opt for something that is not without its hazards. Luggage, say the new breed of social anthropologists, speaks volumes. It speaks of status, of personality, of attitude to life and all sorts of other disturbing things - a blow to those of us who are simply seeking a sturdy and attractive container for the practical necessities of life while in transit.

HOW TO SPEND IT

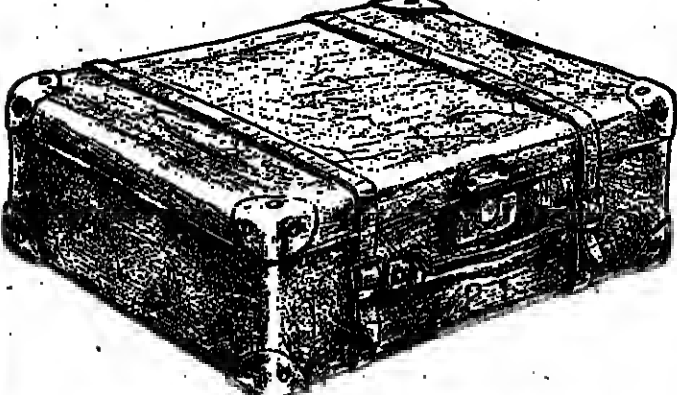
famous initials, a much greater plus in their favour for serious travellers is that they are one of the last great specialists who will do luggage to special order.

exact measurements of the customer's own and to go with it there is a *Boite Courtoise*. These are just examples to give the general idea - whether you want a wardrobe trunk or, like Pierre Boulez, the French conductor, an attache case with special containers for a conductor's professional apparatus. Louis Vuitton will be able to make it.

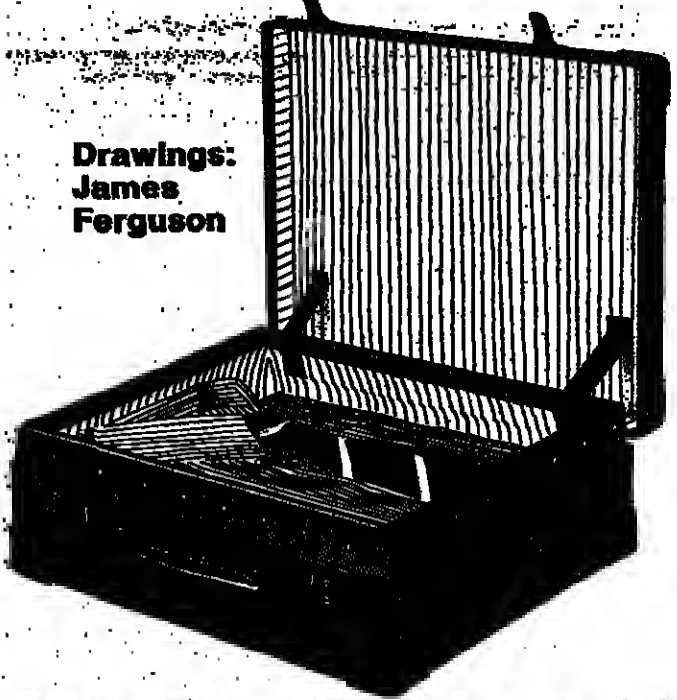


Not designed to last forever and indeed unlikely to survive even one boat with a baggage handler but very attractive for those who travel by car or carry their own luggage in the selection of rucksacks made in Assam and available from The Crown Shop, Michelin House, 81 Putnam Road, London SW3. It is actually stronger than it looks (which is just as well), and measures 19" by 13" and costs £23.

air to your travelling style J & M Davidson, 7a Graham Street, London W1 makes Turkish carpets into colourful Gladstone bags - perfect weekend holdalls, but at £250 a throw not cheap.



If you like a bit of role-playing and fancy luggage that looks as if you were a real traveller not a mere tourist, about to embark on a proper journey (you know the sort of thing - bearers, crocodile-infested rivers, dark interiors etc) then King & Country is the shop for you. Old Gladstone bags, school satchels, hatboxes and above all trunk galore is what they sell. High quality old leather luggage (and how you carry it is your problem, not theirs) start at about £200.



Old-fashioned suitcase, reminiscent of prep-school, with a nice striped lining, reinforced corners and proper stitched handle. Three sizes, £40.00, £50.00 and £75.00. From Next Directory.

One of the chicest men I know tells me that for sheer practicality there is no answer to Samsonite. "Its real value lies in the fact that it has no status so nobody ever rifles it or steals it. It has the safe anonymity of the Ford Fiesta. It is also totally reliable and will survive almost everything the airport handling system can throw at it." True, true.

For value for money it is hard to beat Next. The second Next Directory is available from August 1 (for those who are interested in how the first one fared, some 650,000 orders were placed, 1.3 million customers telephoned and the return rate was down to less than 20 per cent but not quite as low as the 15 per cent that George Davies publicly stated he hoped to achieve).

Those heading for aquatic pleasures might like to consider the selection of neoprene bags whose form too speaks aggressively of their function. All shiny nylon coated neoprene rubber with chunky zips, they come in - what else? - just black.

be sent to you and you will automatically be charged for it (if you don't want it send it back - free of charge). If you aren't on the list and want to order the second directory, telephone 0345-100500 (price £3 which will be added to the cost of your first order).

A garden antique IT WAS only the other day that spanning new, brightly coloured nylon and plastic garden furniture were the stars of the garden furniture departments. These days, though, a little gentle antiquity is the thing. From the depths of the attics and caves antique shops and antique dealers have dug up a certain aggressive new-world hi-tech air all their own. At prices ranging from £49 - £55 they are a good practical solution to the travelling problem.

Many of the shops at The Furniture Cave, 533 Kings Road, London SW10, usually have a good supply of antiques. This particular piece, a strong and graceful Regency wrought-iron tennis seat, designed to sit beside the court where spectators could sit in tolerable comfort, resting their feet on the footrest, belittles, comes from Miles. D'Agar Antiques offers a range of antique furniture that is not only beautiful but also infinitely pleasing furniture that used to grace gardens in more gracious times.



Some of the devices are simply staggering in their ingenuity and usefulness. The Showaway trolley from former Cornish timber Michael Holson, as well as being beautifully designed, has the simple addition of a folding seat, rather like a shooting stick. Young mums have been buying them as fast as the stock comes in.

"It seems to me very unfair that because you have some kind of physical problem you should be compelled to go down-market in the aesthetic and design standards of what you buy German - when your home may be full of lovely things."

constantly the biggest serious problem seems to be the difficulty of finding the perfect travelling iron. I personally do not think such a thing exists. No matter how light they are a pain to pack and carry but the best of the ones I have tried is the Rowenta Steam Brush.

For smoothing out creases in hotel rooms it requires no ironing-board or table. It works on the steam principle and you simply aim the whoosh of steam at the offending creases and they dissolve. It does not, of course, put creases IN with the same rigidity. Most good electrical gadget departments sell it. £19.95 from Selfridges.

For those who like combined gadgets (that is, the power can be used to operate two different products) there is the Black and Decker travel two-in-one which, for £19.95 gives the combined advantages of a hairdryer and iron.

The neatest, smallest, most compact of umbrellas that I have come across is the Mini-flat umbrella made by Fulton. It is just 20 cms long and really does fit into a handbag or a man's pocket. When opened it gives very decent cover, something like 62 cms. Not an umbrella of great beauty but it is immensely useful for travelling. In plain colours or assorted patterns with matching cases it costs just £6.99 from good department stores.

Over in the hotel, too, I was able to wrinkle out a dish of smetanas a Bolhao Pato, or clams Bolhao Pato style as the menu rather prosaically put it, and follow them with the traditional fish stew of the Algarve, the Caldeiras, both of which reflected the confidence of familiarity.

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Food for Thought



A fishy affair

IN 1966 I had a close brush with history. I lay on my bed in Oporto in Portugal thinking I was going to die from a surfeit of lampreys. In fact, if memory serves me correctly, I had been suffering from a surfeit of almost everything since the holiday began.

Order a dish of veal, I found, and you got an entire dish with eight or ten neat little escalopes. A lobster? But of course, senior. A thing the size of the kraken would be brought to the table.

Portuguese food is handsome. Not only are the helpings substantial, but the style is generous, too; generous in such combinations as pork and clams in carne de porco a Alentejana; in flavoured as in bacalhau a bras, the beloved salt cod; and generous in calories as in a role de ovos which is made with as many yolks as the cook can run in. Here and there the robust rural tastes have been spiked with the odd influence from Portugal's great trading days, but the national style is distinctive, European, intriguing, and very satisfying.

Such Portuguese influence as there is, is to be found in the fish department. As one might expect, it is superb, of a quality and freshness that I have scarcely ever had in England, except for those which I have caught and cooked myself.

Even under ideal conditions I would have been hard pressed to taste the chilled scallop of king sea bass at Shepherd's. This was really a tremendous treat - dense, succulent, and perfectly cooked. The fact that it had been preceded by a brain salad in which the delicate flavour of the brains had been drowned beneath an inappropriate and clumsily dressing made it all the more welcome.

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Peter Fort



Excellent value and handsome in look - PVC-backed cotton with leather trim and metal hardware. It folds flat for easy storage. In olive and brown. £20.00 from Next Directory.



If suppleness is what you value in leather then this holdall from Liberty is some of the best value around. Soft as butter, measuring 21" by 14" and made of rubber like a saddle bag with an outer holder and attached inner zippered bag, it really is spacious (all those minimalist travellers would be able to go TWICE round the world with one of these). £150 from Liberty of Regent Street, London W1. There are smaller sizes, too; starting at £75.

Drawings: James Ferguson

Advertisement for Audemars Piguet watches. Text includes 'THE MECHANICAL MASTERPIECES', 'Audemars Piguet', and 'La plus prestigieuse des signatures'. It also lists available locations: Asprey, Gärard, London, Milton, Mappin & Webb, David Morris, Tyne, The Watch Gallery and Watches of Switzerland.

WALKING past Independence, it isn't that easy at first glance to tell what kind of a shop it is. A trendy black-awning arches out over the pavement - could it be young fashions? Inside there are pink walls and masses of flowers - an interior design studio possibly? In fact, Independence is a unique retailer specialising in items big and small to help the elderly.

Where to go for support

Keith Wheatley visits a shop to help the aged

because there were bedpans and trusses on either side of it. That really is a bit embarrassing for most people, especially if you've just got a touch of arthritis in your thumb," explained John Baynes, a former civil engineer with world-wide experience in the construction industry.

people who find it hard to bend is a classic example. The impetus for the shop came when Dene experienced an unlucky series of accidents which left her with major spinal problems. Despite being fit and healthy in every other respect she discovered the agility problems that many people reach via such common complaints of later life as rheumatism and arthritis.

more than Third World dams, they came home and looked for a business to create. East Devon has always had a large number of affluent retired people - including the legendary colonels and model major-generals of nearby Budleigh Salterton - who provide the clientele. However, it is a question of taste rather than money, since much of the stock is inexpensive. As Dene points out, good design is no more expensive than something ugly - it is just harder to find.

turns out to be just a hard, uncomfortable chair. You need a place to go where people have confidence that people know what they are talking about. Some of the devices are simply staggering in their ingenuity and usefulness. The Showaway trolley from former Cornish timber Michael Holson, as well as being beautifully designed, has the simple addition of a folding seat, rather like a shooting stick. Young mums have been buying them as fast as the stock comes in.

BOOKS

Dark secrets that tarnished a crown

Elizabeth Longford looks at the latest revelations of a bitter period in Britain's Royal history

WHEN GOERING heard the word 'Culture' he reached for his gun. I tend to be the same about the word 'Secret' on a title page. In the case of the second book reviewed here a shoot-to-kill reaction would be excusable, for it belongs to the vacuum-cleaner school of biography, in which every scrap of information, including the worthless and the false, is sucked in. The only difference between the book and the cleaner is that the book leaves everything dirtier than before.

THE SECRET FILE OF THE DUKE OF WINDSOR By Michael Bloch

WALLIS: SECRET LIVES OF THE DUCHESS OF WINDSOR By Charles Higham

It is difficult to work up much indignation over the Duke's alleged shortness of cash. We are told elsewhere that he settled a huge sum on Wallis, beside buying her fabulous presents of jewellery. Their life-style was not exactly threadbare, though the word 'economise' does occasionally get into the Duchess's letters to the Duke, without, however, being very well received.

lis in America as a "smug stinking lot." The women in particular being "a seedy, worn-out bunch of old bags."

Impatient to leave her bedside and get back to Wallis on the Queen Mary (what irony) - "I'd like to make it," he wrote this was the Duke's comment to Wallis on his mother's unconscionable time-slaying.

The bulletins from Marlborough House proclaim the old lady's condition to be slightly improved. In the place of blood in the veins must be a fine preservative.

Bloch believes that the book will evoke a sense of "shame and shock." It does, but in the intended. Two things, however, bring some consolation: Queen Elizabeth II's acts of forgiveness, and the substantial profit from the book that will go to the Pasteur Institute for research into AIDS.

Charles Higham knows how to handle a sensational narrative: his account of the unsolved Oaks murder in the Bahamas is gripping and for all I know he may have hit on the solution. He also knows how to use a joke. Mrs Corrigan, the Windsors' socialist friend, returned from Europe and was asked if she liked the Dardanelles. "Loved him, hated her," she said. After inspecting the dog kennels on the QE the Duke said approvingly, "Everything here except lamp posts."

Higham's research and interviews are thorough, but he cannot resist exaggeration. The future Edward VIII, for instance, had one sadistic nanny, this becomes "a succession of nannies, of whom very few were not sadistically cruel." Nor is it true to say that George VI "always" looked his older brother's "athleticism" as well as other dynamic qualities. A very good tennis player, golfer and shot, George VI was in fact a more natural athlete than Edward VIII.



The Duke of Windsor with the woman for whom he gave up a crown

Many of the details with which this book is loaded are absurdly trivial or admitted hearsay. Others are scurrilous. We are told that some people believed that Jimmy Donahue's affair with Wallis Windsor was a cover-up for Donahue's sexual relationship with Edward, also that Donahue once appeared at Cardinal Spellman's table in drag.

Richard Payne Knight, an influential dilettante, pronounced the marbles to be Roman works commissioned by Hadrian, but when Lord Elgin received an offer from King Ludwig of Bavaria, Payne Knight threatened to have the export stopped by Parliament.

Keeping their marbles

Jane Abdy examines the lives of the Earls of Elgin



Two horsemen from the Elgin Marbles

General Moreson so admired the carvings on the pediment of the Parthenon that he tried to take them home. As the dislodged marbles were lowered the cables snapped, and the sculptures fell as rubble to the ground. For some time after that the custom seemed to be that anyone could remove segments of shattered sculpture lying about.

General Moreson so admired the carvings on the pediment of the Parthenon that he tried to take them home. As the dislodged marbles were lowered the cables snapped, and the sculptures fell as rubble to the ground.

Both subsequent Earls were men of singular virtue and dedication. The 5th Earl was an important administrator in Jamaica, Canada and China, and for the last 18 months of his life was Viceroy of India.

THE ELGINS (1766-1917): A TALE OF ARISTOCRATS, PROCONSULS AND THEIR WIVES By Sidney Checkland

SYDNEY CHECKLAND has written an amiable and conscientious history of the 7th, 8th and 9th earls of Elgin. The theme of the book seems to be how the two latter dedicated their lives to public service to propitiate the exploits of their famous forebear.

His mother's voice

letter to his mother, was "pared straight to the bone," so that, by moving his little finger, he could "make the reader's nerves jump."

Not the usual sort of thing you talk about in a letter to your Mum, but then Martha Shaver Little, later to become Martha Smith, and subsequently Jill Berryman, was no ordinary mother. She came of frontier stock and was raised in Missouri and Oklahoma.

At the end of his Cambridge career, Berryman was awarded an instructorship at Harvard. Now nearly 30, he was acquiring a growing reputation and was commissioned to give a "Morris Gray Poetry Reading" in the Widener Library.

From 1864 until his death, Berryman taught at the University of Minnesota. By this time the Dream Songs had made his reputation. Just as a poet has a truly remarkable one. These extraordinary constructions, written in an elliptical and intimate style ("Filling her compact & delicious body...") follow no set metrical pattern, and yet, despite their seemingly conversational disorder, have a sense of rhythm as immutable as the laws of the Medes and Persians.

A loss of kudos for the changing Times

Malcolm Rutherford finds much to enjoy in the biography of an outstanding journalist

MEMORIES OF TIMES PAST By Louis Herten

THE FRENCH REVOLUTION By Louis Herten

LOUIS HERTEN loved The Times "as most soldiers love their regiments." He worked for it, boy and man, most of his life - from messenger to deputy editor, and held some of its best foreign posts in between.

These are his own words and this is his third book about his life and times, most of them with The Times. Anyone who enjoyed Growing up poor in London and Growing up on The Times, and that must mean practically everyone who read them, will enjoy this one.

All the old journalist's skills are there: stories succinctly told, not too many adjectives, not too much comment, the occasional sharp observation that could only have come from a man on the spot. Anecdotes abound. Apparently for years an official of the company's bank sat in The Times at night with a bag of 200 sovereigns in case of a foreign correspondent had to go abroad in a hurry.

It is a reservation, it is that Herten is slightly sentimental about his trade. As he admits, he is wholly sentimental about The Times. Where this volume departs from its predecessors, however, is in including a running discussion of why The Times of today is

not what it used to be. That the paper is different there can be no doubt. Look at the letters column, for example: it is no longer the elitist writing to elites, though some traditions linger on.

In the 1970s, and perhaps earlier, a perfectly plausible explanation for the decline of The Times would have been the international respect for a newspaper depends, as Herten writes, at least partly on the international respect for the country in which it is published.

Of course, there is a great deal of evidence that much of the damage was self-inflicted. The paper was badly managed. It neglected to look after its finances. It quarrelled internally. Even when money was injected, by Thomson, the employees bit the hand that

fed them. Yet, looking back, the disputes about the future of The Times were a microcosm of what was happening in the country. What did you do when The Times was no longer the greatest newspaper in the world, nor the organ of the establishment, and many of the people who worked for it wanted it to be neither, but had no clear idea of what they did want, and - above all - there was no leadership?

One answer was eventually provided by Rupert Murdoch, who bought the paper when the second Lord Thomson sold. He pressed ahead with the new technology regardless, and the nature of newspaper economics changed. The Times was not the only one to gain, however. The Independent emerged from nowhere to become what The Times had originally claimed to be: a genuinely independent newspaper with widespread international distribution. The next question is whether the proprietor is happy with that.

Toll of the guillotine

LE COUT DE LA REVOLUTION FRANCAISE By Francaise Sedillot

THE FRENCH Revolution has always been a living issue in France: one is apt to be for or against. Today one should be able to rise above the mêlée and estimate the losses as well as the gains. This is the aim of M. Sedillot's persuasive book. He sustains his argument with facts and figures.

The Revolution took the aggressive line and aimed at expansion: a revolutionary leader declared peace a calamity and war a benefit to the nation. The annexation of Flanders and the Scheldt forced the reluctant Pitt into war. The cost to France of the successive wars of the period, 1792-1814, was two million lion lives. Two-thirds of these were lost in external wars, from Spain to Russia; perhaps one-third in civil war, such devastation as the whole of La Vendée. The enormous spoils of Napoleon in which hundreds were drowned in the Loire.

Not all lives are of equal value. Among those guillotined were France's greatest scientists, Lavoisier, discoverer of the gas, and Berthollet, the true, André Chénier. She lost to her leading progressive intellectual, Condorcet: that should have quenched his optimism about progress.

To anyone who cares for the arts the losses were simply appalling. Several cathedrals were destroyed or irreparably damaged; the grandest of abbey, Cluny, superb monuments of the Middle Ages, when it had exerted an unequalled

influence, was razed to the ground, along with many others, in Paris Notre Dame narrowly escaped, but lost many of its sculptures and its fables. At Strasbourg the mayor invited any of the good citizens capable of using a hammer to the cathedral: 231 statues totalled their bag. That kind of thing went on all over France.

Similarly in France: the occupation of Amsterdam greatly profited its rival London. The gold standard assured the supremacy of sterling for a century.

The author sees the confrontation between France and England as the crucial one. But this is to neglect the reaction of other peoples: Spaniards, Germans, Russians - to the revolutionary aggression carried further by Napoleon. M. Sedillot concludes that Revolution and Empire 1789-1815, were a "cruel experience" for France. So - to what point was it all? This reflection may be applied to the even more murderous revolutions of our democratic century.

A.L. Rowse

A radical outrage

THE HOUNDSBITCH MURDERS AND THE SIEGE OF SIDNEY STREET By Donald Rumbelow

WHAT WERE Lenin, Trotsky, Gorky and Stalin doing in Whitechapel in 1907? Plotting the Revolution of course. There were many other foreign revolutionaries who lived in London then - temporarily, they hoped.

agents provocateurs, and of shifting loyalties and identities and addresses. In an act of "expropriation," a group of Latvian political criminals, called the City Jewellers, they were discovered, and during their escape shot dead three unarmed policemen and crippled two more. (Was this propaganda-by-the-deed, something that Virginia Woolf had partly in mind when she said that human nature changed in December 1910?)

A few weeks later, some of the gang were run to ground in the East End. The famous Siege followed. The Scots Guards and the Horse Artillery were called out, and the Home Secretary himself turned up to watch and advise and be seen.

The newsreel captions said "Mr Churchill in the danger zone," but did not record the fears of the locals about the Government's tolerant immigration policy.

When the survivors of the gang were tried, the judge thought them "Socialists of the worst type." Despite the evidence of a balalaika-player turned infamously all were eventually acquitted - an outcome, that was difficult for them to grasp.

One of the group was Jacob Peters - alias Colven, Kolbin, or Svornoff. According to Rumbelow, it was Peters who shot all three London policemen. In Latvia, he had his fingernails torn out by the Tsarist

Ochram. But by 1916 he was a policeman himself, the head of the Bolshevik Cheka and later a member of the OGPU (the forerunner of the KGB). He sent thousands of people to the firing squad, and after 20 or so years he joined them.

Despite some repetitions and exclamation marks, this well-illustrated book throws much light on some strange ways of a strange and unstable period.

Bernard McGinley

Art Galleries

Clubs

Personal

Handwritten signature or mark at the bottom of the page.

ARTS

Laser beams on the runway
Max Loppert reports on the first half of the new Bayreuth Ring



John Tomlinson as Wotan in Das Rheingold

BAYREUTH THIS year launches the tenth new staging of Der Ring des Nibelungen in its history - conducted by Daniel Barenboim and produced by Harry Kupfer. For months the opera world has been buzzing anticipatorily, as it always does about Bayreuth doings, and on Tuesday, at the start of the first cycle, it seemed that the start of the new Ring, the centre of the whole world, not just the opera one.

and complete with its own lift. Segments of the runway rise spectacularly - first to show Alberich's iron-gantries factory, like a New York subway staircase, later to reveal Wotan's all-mod-cons domain. Description of details alone could take pages, but not until the whole picture is completed will we know how they add up. (For instance: the curtain parted for the first time on a silent scene of trench-coated groups staring at a corpse stage front, who later got up and showed himself to be Alberich. But why? I still haven't a clue.) My first impressions are that Kupfer, like Chéreau, Friedrich, and other "conceptual" Ring producers of recent times, has enjoyed a dazzling success with Das Rheingold, shaking and stirring its ideas and formal patterns into an intellectual feu d'esprit, but that the vast horizons and warm, closely-argued human emotions Wagner has proved a good deal more resistant to creative shafts and cinema-image sparklers, so that even if one emits a small sigh at yet another post-war geyser of the gods, here carpetbaggers out of Mahagonny, one can hardly fail to respond to the creative shafts and unfolding. Red-haired Wotan, got up like Harrison Ford as Indiana Jones, is boss of a kind of Wagnerian gangster posse, on the make and full of dash and dare, especially when confronting motor-powered giants (readily done).

ence is pinned to the sight of a louring grey stage quite as long as Kupfer requires them to be. (A gigantic fire escape falls from the flies to bring on the Valkyries, while bundles of dead heroes troil past beneath; at least the finale, with lasers, smoke, and the Valkyrie asleep in a red neon cube, offers a welcome bit of colour.) Chief half-way-stage notes on the musical performance. Within the non-heroic confines of the production John Tomlinson, Bayreuth's first English Wotan is a definite plus - large-voiced, intelligent, bold, amazingly energetic, verbally astute. When he learns to pace himself more carefully, and when Barenboim manages a less stop-go, push-pull account of the Farewell, his vocal qualities should develop the subtleties largely untouched first time round. Linda Finnie's Fricka, despite moments of raw top register, is the real thing. Graham Clark's Loge, streetwise and superbly in scripted blood wig and black satin, is a delight from start to finish. Peter Hofmann, Chéreau's Siegmund, is even more athletically handsome for Deborah Polaski's Brünnhilde is firm of arm (she carries in Siegmund herself) and in low phrases, but her squalling and screaming as the line rises make Götterdämmerung in particular a worrying prospect. Barenboim intuits the music, lyrically, and keeps it flowing - until suddenly he will decide to slow a passage down in order to careen out its apex. At this juncture overall structural command appears not to be his strong point. Much of the wind intonation was dreadful. But more of this - and much, much else - next week.



Reminiscing: Sir John Gielgud on Channel 4

A look back with modesty

NOT EVEN the mellow old-gold tones can make the ruminative "I really am a cockney, I suppose," sound convincing. But the modesty convinces when Sir John Gielgud expresses shame that he has nothing more to offer than being an actor. Ecclesence and courtesy emerge as chief characteristics from Sir John Gielgud - an Actor's Life, Part 1 transmitted tomorrow on Channel 4. Kindliness and correctness make fleeting reservations all the more telling. Wolfitt was "one of the few people I could never get on with." "Peter Lorre was very naughty," Burton was "a strange boy." In Programme 2 (Later Stages, August 7) he hints at an understandable coolness towards the abusive Gore Vidal in Puffinblower's "pure pornography... fall of sex and snuff." Not one of Sir John's celebrated bricks, more an exquisite malice, is let slip in his description of the otherwise admirable Brando's approach to a speech in Julius Caesar: "best imitating Olivier" - "a look of slight distaste" - "great shouts and things." Producer John Miller for TVS tactfully draws his subject out: affection for Ellen Terry, Edith Evans, Peggy Ashcroft; remaining with Olivier in Rome; the great

1987 West End repertory season with Ashcroft, Bedgrave, Quayle, Guinness; taking Hamlet and Blithe Spirit to the troops ("they liked Hamlet much better"); and the post-war Lady's Not for Burning with Fry's "amazing instinct for the stage." Part 3 dwells on film, not always favourably - surprisingly, given Sir John's latter-day career as irresistible screen presence. He twice rejected Arthur as "rather common." He engagingly recalls his bewildered first opera production, The Trojans at Covent Garden, when, desperate for the singers' attention, he finally shouted "Stop that dreadful music!" And one senses benign relief that after being "terribly perplexed" by Brecht and Beckett he found modernism to be in fact in fact. No John's Land and no Stoney's Home, "one of the most beautiful plays I've ever been in." Generous in spirit, tactful in expression, wearing his genius - for so it is - lightly, Sir John emerges as a mixture of benevolent Buddha, retired don and cultivated English gentleman. Long may his film vignettes continue.

Martin Hoyle

Gamble taken with Rossini

David Murray reviews Armida at the Aix-en-Provence Festival

ANY SERIOUS festival must take chances, and this year the Aix-en-Provence Festival gambled with Rossini's Armida. First performed with Isabella Colbran in 1817, like his Cenerentola and La gazza ladra, it demands heroic casting; besides a prima donna equal to the fearsome title-role - in our century only Callas, Ricciarelli and Christina Deutekom seem to have risked it - no less than four high-flying tenors are required. On paper Aix's chosen team looked as strong as one could reasonably hope for, these days; but in the face of the combined efforts of Gianfranco Masini (conductor) and Jean-Claude Fall (pro-

ducer) even Colbran herself would have fumbled. The Nice Opera orchestra was not as bad as it seemed, though the horns will surely have undertaken ritual self-immolation after Sunday's performance. The solo cello and violin turned their elaborate obbligato with some grace. The "Rossini specialist" Masini's studied object of his singers, his pedestrian rhythms and his

pendant for numb, abstracted pauses nevertheless proved lethal. In their least happy chord assignment of the season, The Sixteen (an imprecise number, but in any case too small) made a shambling march of Crusaders and a comical tribe of naughty nymphs, indited with producer's mummery that drew giggles first and then ironic applause. Like Handel and Haydn

before him, Rossini borrowed the tale from Tasso's famous Crusades epic. The Oriental sorceress Armida is bent upon seducing and subverting the Christian hero Rinaldo, and up to a point the success. Gérard Didier's thrifty stark designs aimed to underline the absence of any Christian triumph at the end - the True Faith has been lost (like Tasso's own sanity, eventually) amid a des-

ert of doubt; but the idea itself was lost amid the risible calisthenics and thick dry-ice clouds prescribed by Fall. As Armida, June Anderson deployed her lovely timbre, supple technique and uncanny evenness in all registers with faultless taste, but not the dramatic imagination, that might animate her role with lades. She could have been Rimsky's Queen of Shekhan, and her Rinaldo - young Rockwell Blake - his strenuous competence never dis-

Blake's tenor cohorts demonstrated different national ways

not quite making it. In their Act 1 main roles, Yoshihisa Yamaji offered a relentlessly pressured attack without lyrical feeling, and Raul Gimenez some elegance but also none-dry tone and some cryo-flamenco when the actual notes were too hard, though in Act 3 they made a good back-up pair for Rinaldo. Christ Bladin (Swedish) was a baffly honest Suzuki. Whether the scene can be brought to plausible life beyond the vocal gymnasium remains an open question, but there were signs that the initial character-sketches and the last-act crises might develop seriously with more sensible treatment. In concert on their own, The Sixteen both returned to their proper musical element and confirmed a suspicion of reduced firepower this year. Under their director, Harry Christophers they sang Schein with elevated intensity, rather flinted their way through Bach's "Komm, Jesu, komm," and delivered the great Schütz Musik Mithrasische Exequien more sensitively than robustly.

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Records

Heifetz celebrated on CD

THE DOMINANCE of compact disc is now established. One of the clearest indications of this is the amount of "historical" recordings now being reissued in the format. Specialist labels like French EMI's Références and Pearl are pouring out wonderfully valuable material; and from its rich storehouse of recordings by Jascha Heifetz RCA have recently released a bumper package of nine CDs. This was no doubt intended as a memorial - the violinist died earlier this year - but you would never know it from the sleeve-covers of any of the records (only one of them, the

Bruch-Vieuxtemps, actually refers to Heifetz himself, and the amount of "historical" recordings now being reissued in the format. Specialist labels like French EMI's Références and Pearl are pouring out wonderfully valuable material; and from its rich storehouse of recordings by Jascha Heifetz RCA have recently released a bumper package of nine CDs. This was no doubt intended as a memorial - the violinist died earlier this year - but you would never know it from the sleeve-covers of any of the records (only one of them, the

always the merit of truthfulness both to the original product and to the tone and personality of the artist. Even for someone (like myself) who "grew up" on Heifetz, a return to his records is immeasurably exciting. One expects the ne plus ultra in purity, brilliance, vitality, and boldness of technique, and one is not disappointed. Like all of the very greatest players he possessed a highly personal quality of sound, hard to describe, easy to recognize. In youth he was deemed, by Henry Frimlér, a "miraculous automaton." The RCA batch of records captures the mature Heifetz, who had expanded his musical horizons (by, for instance, playing a great deal of chamber music with musicians of equal caliber). A criticism of Frimlér's, and survived throughout the career, was that of the cool, cold, or even icy virtuoso, delivering calculated, unfeeling marvels of technical skill. The plectrum manner has been immortalized by Boris Schwarz (in his Great Masters of the Violin); "the immobile stance, the unsmiling face showing the profile to the public, the violin held high and pushed far back, a minimum of fuss which disguised a maximum of self-discipline." (The celebrated laconic wit offset, and the later tales associated with Heifetz's fiercely autocratic pedagogical approach, helped to fix this image.)

The truth - which above all the glorious Bach solo-violin set bears out - is that, at a time when violinists were still expected to offer their public appearances something of Paganini's high-Romantic showmanship, Heifetz was proving himself an instrumentalist in whom Russian virtuosity and an essentially Classical temperament were married. It was a marriage celebrated in heaven but frequently found curious, even at times uncomfortable, on earth. As with Toscanini and Beethoven, Heifetz's Bach playing might even be said to look forward to the distant horizons of the Early Music movement. Vibrato is reserved, disciplined, contained; if one thinks of Casals's or even Menuhin's solo-Bach records, the straightforward, get-on-with-it approach seems extraordinarily severe. It's not of course - any more than it is intimate, charming, or rhythmically subtle in the late-20th-century fashion of, say, Sigiswald

Bach: Sonatas and Partitas (recorded 1952). RCA GD87708 (two CDs) Beethoven: Complete Violin Sonatas (rec. 1947, '50, '52, '60). RCA GD87704-6 (three CDs, available separately) Double concertos: Bach (with Erick Friedman, rec. 1961). Mozart (with Primrose, rec. 1956). Brahms (with Platigorsky, rec. 1960). RCA GD86778 Bruch's minor Concerto (rec. 1952) and Scottish Fantasy (rec. 1951). Vieuxtemps Concerto no. 5 (rec. 1951). RCA RD6214 Lalo Synchronie espagnole, Saint-Saëns Havanaise and Introduction and Rondo capriccioso, Sarasate Zigeunerweisen (all rec. 1951). Gibson Paganini Concerto V (rec. 1955 and 1970). RCA GD87707

Kujiken. But it is direct, plain-speaking, and urgently, sometimes impatiently energetic; the combination of acidity, detachment and fiery brilliance is unrepeatable. Sometimes one does find oneself wishing for a degree more charm, more relaxation. In the famous Mozart Sinfonia concertante (rec. 1951), Gibson's Olympian meeting of minds and timbres, Heifetz and William Primrose keep to a very strict a tempo ordinance. Having listened to the 1951 Synchronie espagnole of Lalo I published by my publisher for a random comparison, Menuhin's 1958 recording; there the bowing is far more peccable, the concern to convey atmosphere and dramatic gesture much more immediate. In the violin-piano sonatas the pianists - most often the highly skilled Brooks Smith or Emanuel Bay - adopt a subservient role, "accompanist" in the old sense; the exchange of views that one finds in the Beethoven of, say, Perlman and Ashkenazy, is not on the agenda.

But these are passing comments, not criticisms, for every moment spent with these nine CDs is an illumination of some kind. Listening, for instance, to the Bruch Scottish Fantasy one wonders whether it has ever been moulded in a more sustained wide-sweeping span; minor music made major by unwavering concentration. RCA must now delve deeper into its Heifetz reservoirs.

Max Loppert

Chess solution

Chess No. 788: 1 K-N6, K-B1; 2 P-B6, K-N1; 3 P-B7 ch, K-B1; 4 R-R1 and now P-Q7 ♠ E-B8 ch! QxR is a stalemate draw but Black found 4... ♠-B1 and won with his extra bishop.

Radio

Ulster plays its politics

RAYMOND CHANDLER'S centenary was marked on Saturday with an adaptation by Bill Morrison of Forester's My Lord Ed. Bishop played Philip Marlowe, and the rest of the players were the BBC repertory company acting American, some better than others. I felt that duty rather than art was behind the production, but it made a good Saturday night piece under John Tydemann's direction, and gave a better indication of Chandler's writing talent than those letters we had last week.

Radio 4 loves its Northern Ireland studies. The Monday Play, Robin Glendinning's Mumbo-Jumbo, was an alarming tale about an Ulster public school. Barry Dunham (Eoin O'Callaghan, admirable) is a promising boy whose poem about "the girl in the garden" has won the verse prize. He is tipped for Head of House, even Head of School. But girls in gardens are no more than ideas to him (and he has something to learn about the mechanics of writing verse). He has intimate relations with his friend

Creaney (Allen McKelvey) and, not without encouragement, kisses the young boy (Owan Morrison) who is to play Ophelia to his Hamlet. But this is an Ulster play. Creaney is a gangster, and gives us some solid politics that Barry cannot go along with, for his father is a newly-appointed judge. When Barry, fearing the effects of kissing his Ophelia, takes refuge in a private hidey-hole, he hears voices calling for him, but they are not concerned with his little error. They have come to tell him that his father has been shot dead by the IRA.

That was a good scene, and I wish the rest of the play had been as good. The boys' girl-talk did not convince me, and Creaney's politics were run-of-the-mill, though the performance was not. The title refers to Yachiel Lindsay's fine, albeit racist, poem The Corpse, and choral recitations from it were used as incidental music. The director was Jeremy Howe, a little too fond of exaggerated emphases.

There was another Ulster play on Radio 4 on Thursday afternoon, Stewart Love's The Slade-Rule, which was the same director and a number of the same players. This was not a politically-based piece, but it was very much a play about Northern Ireland today. John (Mark Mulholland), the eponymous engineer, lost his father at Dunkirk. He tells most of the tale in retrospect, but we meet him as a boy (Monday's Ophelia), nurturing admiration for Gunga Din and the Empire, studying sex from books and enchanted by his slide-rule at the Tech. He marries, he serves much promotion, but he has a happy home with a loyal wife (Stella McCusker) and a state-of-the-art daughter (Tracey Lynch). He reads about redundancies, though "British engineering rules the world." Then he has to make some of his men redundant. Then he is redundant himself.

So political it is, even if it does not deal with the problems that Creaney would have thought about at his school - though as John, at 48, learns to alleviate his unemployment by delivering papers, and this is presented as if it were a happy ending, Creaney would have found plenty to disapprove of, as we all should. I was not sure whether Mozart's Bohemian Friend by Graham Fawcett (Radio 3, Sunday) was a drama or a feature. In dramatic manner, it told the story of Josef Myslivecek (played by Nigel Anthony), a Bohemian who composed symphonies and operas between 1760 and 1790, and indeed knew Mozart, first as a teenager, then as a successful adult. He was so badly afflicted with syphilis that a surgeon had to remove his nose with a hot iron. The programme sketched the details of his career and his love for the singer Caterina Gabrielli, but its main function was to introduce Myslivecek's very pleasant music, of which an hour's concert was given later in the evening. How about giving him a run as This Week's Composer? B.A. Young

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SPORT

Richie takes the rocky road to Seoul

The Olympics start in seven weeks. To launch a special series of previews, Andrew Freeman watches the British boxing squad in training, and meets medal contender Richie Woodall

WHEN Richie Woodall was telephoned on June 15 and told that he had won the light-middleweight place in Britain's Olympic boxing team, it was the culmination of years of effort. "It was an emotional moment for me and my family," he says. "I've had a good international career, but this is the pinnacle."

His father - his biggest fan - immediately booked an open flight to Seoul, determined to make the most of his son's success, though Woodall's mascot, a two-year-old bull terrier called Winston, will have to stay at home.

Aged 20, Woodall is one of Britain's brightest hopes for a medal in what Kevin Hickey, the national coach, says will be one of the toughest tournaments ever. To win a boxer will have to stay at peak mental and physical fitness for a full three weeks in the intense atmosphere of the Olympic village, surrounded by unprecedented security.

For most, the experience of representing their country will be sufficient compensation for the pain of defeat, but for a few, Woodall among them, the simple thrill of achieving a place coexists with the knowledge that they have it in them to reach the medal rounds.

Earlier this year Woodall's release from a two-year-old prison sentence for a robbery in which he had stolen a car, was a setback. He had to serve a year in prison, and his release was a relief.

Woodall, who went on to lose his title in the final to Wayne Ellis of Wales, a result which put all three fighters in the frame for the light-middleweight place. "Losing in the ABA definitely put a dampener on things," Woodall says, "but I was asked to box in the pre-Olympic tournament at Seoul, and when I won a silver there I thought I was back in with a chance. My performance in the Canada Cup in June clinched it for me."

Brown was also selected for Canada in what he called a box-off between him and Woodall for the place in Seoul. Brown lost in his first bout but Woodall reached the final where he was beaten by Grant of Canada on a 32 decision. That, effectively, was that. The talking phone call came soon after. Following a two-week holiday, he joined the seven other team members for the first of a series of training camps building up to the Games.

His trip to Seoul for the pre-Olympic tournament means that Woodall will be better prepared than most for the spotlight of competition - he liked Korean food and found the facilities impressive. If his medal dreams are to be realised, he knows he will have to curb his tendency to get into a scrap and put his technical skills to use.

The length of the tournament favours technicians who are able to win fights from a distance by doing enough to catch the judges' eyes and avoiding unnecessary punishment. Boxers who scrap are

likely to find their power draining away after the first few contests. "Richie is not a KO specialist," says Hickey, "a technician, with good height and reach who relies on accuracy and consistency."

For younger boxers such as Woodall the award served to emphasise the challenge they face. Woodall has not found a commercial sponsor to accompany the time-consuming training programme he must endure if he is to perform well in September.

Woodall works as a landscape gardener in Telford, a job that suits his physical needs but not his pocket. An understanding employer gives him a week's leave for his boxing, but that is small compensation for the dedication required to prepare for the grueling pugilism of the amateur code.

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encapsulating an increasingly conflicting relationship. The predations of ruthless professional promoters are stripping the amateur ranks of more than the experienced stars at the top.

Competition for venues and billings has led not only to the outrageous hype of money-spinning mismatches, but also to the poaching of untried juniors who are thrust into the professional ranks before they have finished their boxing apprenticeships. One effect is to deprive the fighters of vital experience and confirm the pro game's exploitative reputation.

For Howe and the managers of the amateur team, the problem is more immediate. "We are investing time and money in boxers who may well be gone before they have translated their training into international amateur success," says Howe. He cites the case of Wayne Ellis, ABA light-middleweight champion who was selected for the Canada Cup team in competition for the Olympic place won by Woodall.

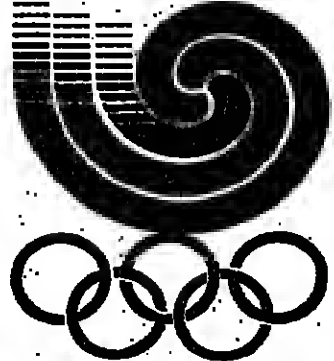
success despite rather than because of the system currently operating." Watching the British Olympic squad training at Crystal Palace, you could be forgiven for thinking that the differences between the amateur and professional codes were less stark than those described by Howe, for there is certainly no lack of professionalism about the way the boxers approach their work. A full-time sports scientist works with the team and a sports psychologist is at hand to help with the mental conditioning of the fighters.

The training camps have gained momentum over the summer as managers and coaches seek to deliver their charges in peak mental condition. Early camps consisted of basic fitness work, frightening in its quality and intensity, but bread-and-butter stuff for the boxers.

Later sessions introduced lessons on style and tactics. "An American boxer has a completely different style from a Korean or an East German boxer," says Hickey. "We teach our fighters to switch their tactics and style to suit their opponents." Howe is philosophical on the subject of success. "It's not all about medals," he says. "First we are looking for a good overall performance from the team; medals are the icing on the cake." Do not be surprised if Woodall and Lyon provide some icing at the end of September.



Richie Woodall, Olympic boxing hope



'Ruthless promoters are stripping amateur boxing of more than just the top stars'

Hickey, "to find resources within himself, to sustain his discipline. We can do a lot to help him, but certain things cannot be taught."

The medal favourite in the British team is flyweight John Lyon, winner of seven ABA titles and seen by many as the epitome of the spirit and maturity described by Hickey. Lyon recently won the Times/Mintel

Choppy courtroom drama

Keith Wheatley reports on the latest America's Cup moves

Arrow launched a 68ft foil-assisted monohull whose pencil-slim main hull has underwater foils mounted outboard of it to give stability.

document governing the Cup, and then interested parties watched ago as Blue Arrow trailed in Falmouth Roads, once a staging post for the clipper ships. In their heyday, 120 yachts, 400, 500 and 600 ton, sailed the planet, the aerospace of its day.

Cup, it was too vague to be enforceable at law. "Fay is frightened to race our boat and is hiding behind lawyers. He's not fit to be in the America's Cup," fumed de Savary.

personnel will have the luxury of a regular airline seat to California, but what will they find when they arrive? Dennis Conner has met innovation with innovation, mainly because his Stars and Stripes defence team faced three handicaps in meeting the Kiwis on level terms.

catamarans, exploiting the silence in the Deed of Gift concerning multihull defences. His boats are the lightest ever. More importantly, they have a unique solid wing-sail: a 50ft-high structure resembling a jumbo wing stood on end with what looks like cling-film stretched over fine carbon-fibre ribs. Tests show it to be 60 per cent more efficient than an equivalent soft sail.

The 1970 boats will meet in late September, by order of the court. According to the judge: "The time has come for the sailors to be permitted to participate in the America's Cup." The protests can come later.

CROSSWORD

No. 6,695 Set by GRIFFIN

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday August 10, marked crossword 6,695 on the envelope, to the Financial Times, 10 Cannon Street, London EC4A 3DF. Solution on Saturday August 13.

A crossword puzzle grid with numbers 1 through 27 indicating starting positions for the clues.

- ACROSS
1 Inland port in Bury (8)
2 Merge with Chinese student quarter (8)
3 Devotes a cooler cat is dancing with (6)
4 Bored teacher on layer of rubble (6)
5 One padding sat on ice-cream (6)
6 In which way women put on weight (8)
7 Miss Darcy is sure to turn out stormy (10)
8 Exasperated doctor ragged about article on tax (10)
9 Rose dressed on entering, in preference (6)
10 First-class sovereign glints if spun round (8)
11 Choice of one in a hundred after work (6)
12 An Austrian is even drunk around half-nine (8)
13 Kind old Bob leaves a drop (6)
14 When the man the nurse introduced concurred (8)

PARTICLE MARAUD
L E N D A R P E I N T
I U A R A L E A
COMPLETED DWLET
E S E T S S H I P P E R
CONSENT PATHE
A S E E T A
T R E A T S C R A T C H E D
N T R Y S H R V
I N T R A Y L I T E R A T I
N E L T S R G C
GREENE STAMPING

Solution and winners of Puzzle No. 6,683
SALTSPON CANAL
L E T B E H E I
A L T E R V A M P I R I S M
N T I E P G I
GREENHOUSE SHOT
T A B L E T S S I N G L E
I O A N A S
T A X I C A R T I D I N G S
F V U E C
O V E R O Z O N E L A Y E R
R E L I Z E T A U G E
T I B U R N S
A O A R E R B I
T O W I E D D O G B A S K E T

TELEVISION & RADIO

SATURDAY

11:30 am Frangar Soc. 1:30 pm News followed by Granplan Headlines: The Fall Guy, 12:30 pm News, 1:30 pm News, 2:30 pm News, 3:30 pm News, 4:30 pm News, 5:30 pm News, 6:30 pm News, 7:30 pm News, 8:30 pm News, 9:30 pm News, 10:30 pm News, 11:30 pm News.

SUNDAY

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Handwritten signature: Johnnie